

# Concurrent Use of Trademarks on the Internet: Reconciling the Concept of Geographically Delimited Trademarks with the Reality of the Internet

ROBERT NUPP\*

*This note argues that concurrent use rights in a trademark can be granted with respect to the Internet despite the impossibility of delimiting the geographic reach of trademarks on the Internet. By creatively using novel remedies tailored to the Internet, courts can authorize an otherwise infringing concurrent use of a mark to exist on the Internet by reducing the possibility of consumer confusion. An appropriate vehicle for such judicial creativity involves cases implicating the common law Tea Rose defense.*

## I. INTRODUCTION

The emergence of the Internet<sup>1</sup> as an important channel for commerce<sup>2</sup> is proving troublesome for certain settled legal doctrines. One such doctrine of trademark law grants multiple parties the right to use the same or confusingly similar marks<sup>3</sup> in commerce based on the geographic separation of the parties'

---

\* The Ohio State University Moritz College of Law, Class of 2003. This note is dedicated to my parents, Robert and Denise, and to my loving wife, Molly.

<sup>1</sup> Technically, this note deals with marks used in the context of the World Wide Web—a subset of the Internet. *See infra* notes 89–91 and accompanying text; *cf.* Jason R. Berne, Comment, *Court Intervention But Not in a Classic Form: A Survey of Remedies in Internet Trademark Cases*, 43 ST. LOUIS U. L.J. 1157, 1167 (1999) (“Although trademark infringement could likely take place via any aspect of the Internet . . . virtually all Internet trademark litigation to date [focuses on the Web].”). The scope of this note will focus on trademark infringement via the Web.

<sup>2</sup> *See* Thomas L. Mesenbourg, *Measuring Electronic Business*, U.S. Bureau of the Census Program Paper, available at <http://www.census.gov/eos/www/papers/ebusasa.pdf> (August 2001) (estimating \$7 billion retail “e-commerce” sales in the first quarter of 2001); *Reno v. ACLU*, 521 U.S. 844, 850 (1997) (estimating that over 200 million people will have used the Internet in 1999); Susan Thomas Johnson, Note, *Internet Domain Name and Trademark Disputes: Shifting Paradigms in Intellectual Property*, 43 ARIZ. L. REV. 465, 466 (2001) (noting that almost twenty-five percent of American homes are now online and that the number of Internet users is expected to rise in the next decade to one billion).

<sup>3</sup> As used in this note, the term “mark” or “trademark” will refer to both trademarks and service marks. A trademark is “any word, name, symbol, or device [used in commerce] . . . to identify and distinguish . . . goods . . . and to indicate the source of the goods, even if that source is unknown.” 15 U.S.C. § 1127 (2000). A service mark is “any word, name, symbol, or device [used in commerce] to identify and distinguish the services of one person . . . from the services of others and to indicate the source of the services, even if that source is unknown.” *Id.* Trademarks and service marks are treated equivalently by statute and by the courts. *See, e.g.*, 15 U.S.C. §§ 1114(1), 1125(a)–(c) (2000); *Pedi-Care, Inc. v. Pedi-A-Care Nursing, Inc.*, 656 F.

markets.<sup>4</sup> At present, both the courts<sup>5</sup> and Congress<sup>6</sup> have made the determination that a party who adopts a mark to indicate his goods or services in a given location, though he may not be the first to adopt the mark nationally, may nonetheless be accorded the exclusive right to use the mark in his local market under certain conditions. Namely, the subsequent, or junior,<sup>7</sup> user of a mark must have adopted the mark in good-faith and his first use must not have occurred in an area that was already appropriated by the first, or senior,<sup>8</sup> user. By allowing a junior party who adopts a mark in good-faith to use the mark exclusively in his distinct market area, courts and Congress have evidenced a preference to protect such a party's good-faith investment in the mark from the encroachments of all others, including the senior user of the mark.<sup>9</sup>

The property interest in a mark that trademark law seeks to protect is consumer recognition—preferably favorable recognition (i.e., goodwill).<sup>10</sup> Protecting this property interest also serves the public in that consumers are easily able to identify products and services by their branding, and as such can assess the quality of the product or service. That is, branding permits consumers to know what they are getting. The trademark infringement standard, then, is necessarily

---

Supp. 449, 454 n.6 (D.N.J. 1987) ("The only difference between a trademark and a service mark is that a trademark identifies goods while a service mark identifies services.").

<sup>4</sup> Concurrent use rights can be based upon factors other than the physical territory wherein the mark may be employed. For instance, restricting parties' use of a mark to distinctly different goods or services can accomplish the goal of avoiding consumer confusion. *See, e.g.*, 15 U.S.C. § 1052(d) (2000) (authorizing the Commissioner of the United States Patent and Trademark Office ("USPTO") to multiply register a mark in different users if, subject to conditions as to "place of use of the [mark] or the goods on . . . which [the mark is] used . . . confusion, mistake, or deception is not likely to result") (emphasis added). However, the term "concurrent use," as used in this note, will primarily refer to use by multiple parties in distinct, separate geographic areas.

<sup>5</sup> *See* discussion *infra* Part II.C.1.

<sup>6</sup> Congress has adopted the common law doctrine of geographic concurrent use rights, with slight modification, through the limited area defense of 15 U.S.C. § 1115(b)(5) (2000). *See* discussion *infra* Part II.C.2. Moreover, Congress specifically authorizes the USPTO to register concurrent rights in a mark to multiple parties through 15 U.S.C. § 1052(d) (2000).

<sup>7</sup> The term "junior," as used in this note, refers to any party who was not the first to use a given mark anywhere in the nation. *E.g.*, J. MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 26:1 (4th ed. 2000).

<sup>8</sup> The term "senior," as used in this note, refers to the first party to use a given mark anywhere in the nation. *E.g.*, *id.*

<sup>9</sup> *See generally* David S. Welkowitz, *The Problem of Concurrent Use of Trademarks: An Old/New Proposal*, 28 U. RICH. L. REV. 315, 327 (1994) (noting that a major theme of today's concurrent use law is the protection of the geographically remote junior user who adopted the mark in good-faith); *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 103 (1918) (giving a junior user exclusive rights in an area, including the right to exclude the senior party).

<sup>10</sup> *See, e.g.*, MCCARTHY, *supra* note 7, § 2:30.

based upon consumers' perceptions.<sup>11</sup> It is defined as whether the concurrent use of conflicting marks on particular goods or services in a given market would be likely to cause confusion in the mind of the reasonably prudent purchaser as to the source, sponsorship, or affiliation<sup>12</sup> of the goods or services.

When courts find that a likelihood of consumer confusion exists, they typically remedy the situation by permitting only one party to utilize the mark in a given area—whether the given area consists of the entire nation or a smaller geographic market area.<sup>13</sup> When a court permits multiple parties to use a mark (i.e., permits a “concurrent use” of the mark) based on their geographically distinct market areas, the touchstone of the determination of each party's market area is likelihood of confusion.<sup>14</sup> In this analysis, a market area is determined by asking whether a sufficient number of consumers in a given area associate the mark in question with a particular party.<sup>15</sup> If there is sufficient consumer

---

<sup>11</sup> See, e.g., *id.* § 26:27 (“[T]he goal of trademark litigation is the elimination of a likelihood of customer confusion . . .”); 15 U.S.C. § 1052(d) (2000) (permitting concurrent use of a mark by multiple parties as long as such use is not likely “to cause confusion, or to cause mistake, or to deceive”). That is, seeking to prevent consumer confusion accomplishes the two main goals of trademark law: protecting consumers' expectations about what they are buying and protecting a mark owner's goodwill embodied in his mark. E.g., David B. Nash, Comment, *Orderly Expansion of the International Top-Level Domains: Concurrent Trademark Users Need a Way Out of the Internet Trademark Quagmire*, 15 J. MARSHALL J. COMPUTER & INFO. L. 521, 531 (1997) (citing RICHARD L. KIRKPATRICK, LIKELIHOOD OF CONFUSION IN TRADEMARK LAW § 1.2 (1995)); Danielle Weinberg Swartz, Comment, *The Limitations of Trademark Law in Addressing Domain Name Disputes*, 45 UCLA L. REV. 1487, 1491 n.14 (1998) (quoting S. REP. NO. 79-1333, at 3 (1946) as to the main goals of federal trademark law embodied in the Lanham Act). These two goals can conflict relative to concurrent users, where two or more parties have equitable claims to the same or similar mark. Protecting multiple parties' goodwill may entail permitting concurrent use that causes some level of consumer confusion. See, e.g., *Thrifty Rent-a-Car Sys., Inc. v. Thrift Cars, Inc.*, 831 F.2d 1177, 1184 (1st Cir. 1987) (allowing limited concurrent advertisements and acknowledging that some consumer confusion would result). This note focuses on how the situation plays out on the Internet and proposes ways to remedy or lessen the confusion if a concurrent use is permitted.

<sup>12</sup> See *infra* note 63 (discussing infringement standard).

<sup>13</sup> See MCCARTHY, *supra* note 7, § 26:3 (noting that in a geographic concurrent use situation “neither [party] can enter the market area of the other”); see also *id.* § 30:1 n.3 (“In cases of . . . trademark infringement, . . . a prevailing plaintiff is ordinarily awarded injunctive relief . . .”) (citing RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 35 cmt. b (Tentative Draft No. 3, 1991)). An injunction may also include an order to affirmatively disclaim connection to the plaintiff. MCCARTHY, *supra* note 7, § 30:5. Courts may also award profits, damages, and court costs. 15 U.S.C. § 1117(a) (2000).

<sup>14</sup> MCCARTHY, *supra* note 7, § 26:27 (citing *All Video, Inc. v. Hollywood Entm't Corp.*, 929 F. Supp. 262, 266 (E.D. Mich. 1996)) (emphasis added).

<sup>15</sup> Consumer recognition determines the area of exclusive use rights accorded to a party. MCCARTHY, *supra* note 7, § 26:27; *All Video*, 929 F. Supp. at 266 (“A trade area is the area in which people have associated a service mark with a particular business such that they would

recognition, a court may determine the area to be included in a party's market area. Courts factually determine<sup>16</sup> each party's market area and grant exclusive rights to use the mark to a party in his local market by enjoining the other parties from using the mark in that area.

The primary hurdle, then, in crafting concurrent use rights in a mark for use on the Internet relates to the fact that no practical means exist to delimit the geographic reach of a user's website, and therefore his trademark.<sup>17</sup> Consequently, courts are unable to enjoin a party from using the mark in a given geographic area. Therefore, it would seem that concurrent geographic use rights in a mark are not achievable as applied to the Internet.

The chief alternative to this "geographic concurrent use"<sup>18</sup> doctrine in awarding trademark rights is to vest the exclusive right to use the mark in only one party nationally—typically, the senior user.<sup>19</sup> Such a policy provides a bright-line rule that avoids the often difficult determination of multiple parties' market areas. More importantly, the policy of granting exclusive rights in a mark nationwide to only a single party protects that party's interest in future expansion by preventing that party from having to accommodate the possibly multiple concurrent users in multiple local markets as he expands his own market area.<sup>20</sup>

---

likely be confused by someone else's unauthorized use of the mark.") (citing *Spartan Food Sys., Inc. v. HFS Corp.*, 813 F.2d 1279 (4th Cir. 1987)).

<sup>16</sup> See *infra* note 66.

<sup>17</sup> See, e.g., Cendali et al., *An Overview of Intellectual Property Issues Relating to the Internet*, 89 TRADEMARK REP. 485, 505 (1999) ("[T]here is essentially no practical way to carve out geographic limitations on the use of a trademark on a website or in a domain name."). It should be noted that new filtering techniques exist that bar users in a particular region from accessing certain websites. However, at this time such technology has yet to be commercially proven. Barbara A. Solomon, *Domain Name Disputes: New Developments and Open Issues*, 91 TRADEMARK REP. 833, 862 n.107 (2001).

<sup>18</sup> The author has not found a better way to describe this doctrine in a way that encompasses both statutory and common law rules. The common law doctrine is known as the Tea Rose doctrine, while the statutory doctrine is referred to as the limited area defense. In either case, the point is that concurrent use rights in a mark are granted to multiple parties based on geography (i.e., on geographic delimitation of each party's market area wherein the mark may be used.)

<sup>19</sup> Arguably, the state of the common law prior to the Supreme Court's landmark holding in *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403 (1916), accorded national rights in a mark solely to the senior user. *Id.* at 415. Also, current federal registration under the Lanham Act accords nationwide priority to the senior user who registers his mark. See 15 U.S.C. § 1115(a), (b) (2000).

<sup>20</sup> E.g., Welkowitz, *supra* note 9, at 335 (noting that the federal trademark statute, the Lanham Act, protects the senior user's interest in future expansion to some degree by according nationwide priority to the senior user); *id.* at 322 (noting that common law prior to the *Hanover Star* case, discussed *infra* Part II.A, protected a senior user's interest in nationwide expansion by vesting exclusive rights in a mark nationwide in the senior user). One commentator refers to the situation where a senior party, in expanding the area of use of his mark, encounters a junior

In summary, the inability to delimit the geographic boundaries of a party's website forces courts faced with concurrent users on the Internet<sup>21</sup> to: (1) award exclusive Internet usage rights to only a single party (thereby rejecting the concurrent use doctrine as applied to the Internet with respect to the instant parties and granting the prevailing party a windfall); (2) allow unrestricted concurrent use of a mark on the Internet, to the detriment of consumers and possibly the parties; or (3) award concurrent use rights to the parties, but also take steps to prevent consumer confusion in light of the overlapping use of the mark by the parties on the Internet.<sup>22</sup> In the first instance, the determination of which party to enjoin from using the mark on the Internet will place a burden on courts to examine the equities of a given dispute thoroughly and award Internet rights to the party with the best claim to them. In the second instance, courts would be making the policy decision to transfer the costs of consumer confusion to consumers. In the third instance, fashioning a remedy that permits concurrent use on the Web will place a

---

user as being "ambushed" by the junior user. MCCARTHY, *supra* note 7, § 26:32. Generally, a senior party who encounters an innocent junior party will need to either buy the rights to use the mark locally, split his business by differently branding the local product or service, or stay out of the local market altogether. *See* Cendali, *supra* note 17, at 504–05 (describing the options of an innocent junior user encountering a local senior user).

<sup>21</sup> Such a situation contemplates the parties' use of the same or confusingly similar mark on the same or related products (i.e., the parties would otherwise be infringing if their markets overlapped).

<sup>22</sup> Indeed, such cases have already arisen. For example, in *Desknet Systems, Inc. v. Desknet, Inc.*, No. 96 Civ. 9548 (JSM), 1997 U.S. Dist. LEXIS 6713 (S.D.N.Y. May 14, 1997), the parties both sold electronic hardware and utilized the name "Desknet." *Id.* at \*2–3. While plaintiff held the federal registration and the domain name "desknet.com," defendant presented evidence to show that it may have actually been the senior user, or at the very least an intermediate junior user. *Id.* at \*3; *see infra* Part II.C.2.b. (discussing intermediate junior users). Thus, under traditional trademark law the defendant would qualify for some defined market area of exclusivity to use the "Desknet" mark. *Id.* (discussing the limited area defense). However, whether to allow such a user to have any Internet rights in the coveted "[trademark].com" domain name and what those rights might be is presently an open question. This court denied a preliminary injunction because of the factual issue relating to which party was the senior user. *Desknet*, 1997 U.S. Dist. LEXIS 6713 at \*7; *see also* *Gateway 2000, Inc. v. Gateway.com, Inc.*, No. 5:96-CV-1021-BR(3), 1997 U.S. Dist. LEXIS 2144, at \*10–12 (E.D.N.C. 1997) (refusing to preliminarily enjoin defendant's use of "gateway.com" in the absence of evidence by the plaintiff that it used the mark prior to defendant's first use).

This note argues in favor of the third alternative—to use the remedies listed below, or others, to eliminate consumer confusion resulting from otherwise infringing concurrent use of marks on the Internet. *See infra* Part V. Specifically, this note argues the propriety of this position in the context of the geographic concurrent use doctrine. However, the author hopes that courts will lower the infringement standard in general on the Internet, allowing more concurrent use generally, and thereby provide greater regulation of trademarks on the Internet as they become more adept at creating and ordering such remedies to eliminate consumer confusion.

burden on the courts to determine how to modify effectively each party's usage to reduce the probability of consumer confusion.

This note endorses the third alternative and proposes several methods of modifying parties' trademark usage on the Internet to reduce the probability of consumer confusion so that courts can reasonably grant concurrent use rights in the same or similar marks to multiple parties on the Internet. In this way, the common law can begin to develop fair and efficient rules regarding concurrent trademark use on the Internet.

The Internet as a whole is not regulated in any centralized manner. Rather it is guided and administered by a network of loosely-knit organizations, some of which are governmental.<sup>23</sup> Domain names<sup>24</sup> are an important aspect of the Internet for commercial activity, and the main focus of this note involves the use of trademarks as domain names.<sup>25</sup> The domain name system ("DNS") is the

---

<sup>23</sup> A commentator describes one influential organization as follows:

Although the United States remains an influential player in the development of Internet decorum through its relationships with nonprofit organizations like ICANN, international organizations, like WIPO [the World Intellectual Property Organization], have recently taken an active role in developing Internet standards and dispute resolution processes. WIPO is responsible for promoting the protection of intellectual property throughout the world through cooperation among governments, and for "the administration of various multilateral treaties dealing with the legal and administrative aspects of intellectual property.

Oliver R. Gutierrez, Comment: *Get Off My URL!: Congress Outlaws Cyberquatting in the Wild West of the Internet*, 17 SANTA CLARA COMPUTER & HIGH TECH. L.J. 139, 148-49 (2000) (quoting World Intellectual Property Ass'n, *What is WIPO*, at <http://www.wipo.org/eng/dgtext.htm> (last visited Feb. 14, 2003)). See generally *ACLU v. Reno*, 929 F. Supp. 824, 832 (E.D. Pa. 1996) ("No single entity—academic, corporate, governmental, or non-profit—administers the Internet."); Alexander Gigante, *Blackhole in Cyberspace: The Legal Void in the Internet*, 15 J. MARSHALL J. COMPUTER & INFO. L. 413, 416-22 (1997) (providing background on a few of the influential founding groups of the Internet). The World Wide Web Consortium, another Internet-governing body, describes itself in its website:

The World Wide Web Consortium was created in October 1994 to lead the World Wide Web to its full potential by developing common protocols that promote its evolution and ensure its interoperability. W3C has around 450 Member organizations from all over the world and has earned international recognition for its contributions to the growth of the Web.

World Wide Web Consortium, *About the World Wide Web Consortium (W3C)*, at <http://www.w3.org/Consortium/> (last visited Feb. 14, 2003).

<sup>24</sup> See *infra* Part III.A (describing domain names).

<sup>25</sup> See *infra* Part III.B (describing the use of trademarks as domain names). Trademarks can be used in many other ways on the Internet. For instance, trademarks can be used on a person's website as visible text or metatags. See *infra* notes 195-96 (describing metatags). Links may be placed on a person's website to direct a user to another website that contains the trademark in question. See *infra* notes 172-74 (describing links). See generally Cendali, *supra*

system by which domain names are allocated and their operation governed.<sup>26</sup> The DNS is privately administered by the Internet Corporation for Assigned Names and Numbers ("ICANN"), which in turn licenses private companies to register domain names competitively.<sup>27</sup> Courts and commentators have been calling for government involvement in regulating Internet commercial activity for years.<sup>28</sup> Aside from limited federal intervention regulating "cybersquatting" and similar wrongful pirating of domain names,<sup>29</sup> the DNS is currently unregulated. As outlined below, otherwise lawful concurrent uses of trademarks outside of the Internet context are creating serious problems via the DNS, which is not equipped to deal with multiple parties using the same domain name.<sup>30</sup>

This note is intended to encourage courts to be creative in dealing with the concurrent use problem of the DNS by fashioning new remedies to counteract consumer confusion caused by domain names. Specifically, this note focuses on cases that implicate the geographic concurrent use doctrine, since in such cases it is difficult to avoid the issue. In those cases: (1) courts should find infringement since, by definition, they involve the same or confusingly similar marks on the same or closely related products; and (2) equity strongly favors preservation of the junior user's good-faith investment in his remote market area, as evidenced by nearly one hundred years of case law. By addressing concurrent use in these

---

note 17, at 523–32, 538–40 (describing various ways in which trademark infringement can occur via the Web).

<sup>26</sup> See *infra* notes 124–26 and accompanying text.

<sup>27</sup> See generally *infra* note 126–28, discussing ICANN; Management of Internet Names and Addresses, 63 Fed. Reg. 31,741 (June 10, 1998) (stating the Clinton Administration's intent to turn over the administration of the DNS system to a not-for-profit organization—subsequently known as ICANN—and outlining a timeline for implementing it). More than 150 companies have been so licensed by ICANN. ROBERT A. BADGLEY, DOMAIN NAME DISPUTES § 1.02 (2002).

<sup>28</sup> See, e.g., *Chatam Int'l, Inc. v. Bodum, Inc.*, 157 F. Supp. 2d 549, 560 (E.D. Pa. 2001) ("[M]ore governmental . . . regulation could make it easier on the public . . . [and] may well be advisable."); Nash, *supra* note 11, at 544–45 (asserting that the FCC has the jurisdiction to control domain name registration and that the public interest demands that the FCC act to regulate domain name registration); Gigante, *supra* note 24, at 422 (noting the FCC's abstention from involvement in Internet governance and the federal government's [then-impending] withdrawal from the task of assigning domain names and calling it "without precedent").

<sup>29</sup> See Lanham Act § 43, 15 U.S.C. § 1125 (2000) (commonly referred to as the Anticybersquatting Prevention Act). As noted below, cyber-squatting involves outright piracy of another's trademark for economic gain, and as such presents a relatively easy case for courts to adjudicate. See *infra* notes 143–45 and accompanying text. This note deals with cases in which multiple parties have rights in the trademark in question. The need for judicial guidance in such cases is great and will continue to grow as more users register domain names containing trademarks.

<sup>30</sup> See *infra* notes 132–39 and accompanying text (describing the nexus between trademark law and the domain name system).

cases, courts can begin to weigh the equities in domain name concurrent use situations generally and develop rules that will hopefully guide future policy choices by lawmaking bodies and regulators.

Part II.A and B describes the Supreme Court decisions creating the common law geographic concurrent use doctrine. Part II.C summarizes the geographic concurrent use doctrine embodied currently in common law and statute. Part III describes the DNS and new problems that domain names, and the Internet in general, are creating in relation to trademark law. Part IV then presents several mechanisms that would help eliminate consumer confusion related to concurrent use of a mark on the Internet and thereby help courts tailor remedies that would effectively permit the geographic concurrent use doctrine to be applied to the Internet.

## II. BACKGROUND OF THE GEOGRAPHIC CONCURRENT USE DOCTRINE

### A. *The Tea Rose Doctrine*

The U.S. Supreme Court, in *Hanover Star Milling Co. v. Metcalf*,<sup>31</sup> outlined the common law doctrine of geographic concurrent use that is still the basis for common law concurrent use rights in trademarks.<sup>32</sup> In that case, the Court refused to enjoin a junior user of the "Tea Rose" mark, rejecting a common law "first in time" property right for trademarks that would have accorded exclusive nationwide rights in a mark to the first user anywhere in the nation.<sup>33</sup> The Court's decision protected a junior user who had innocently used the mark in a remote area.<sup>34</sup>

The Court noted the circumstances of the case in deciding to protect the junior party's innocent use. Defendant, Hanover Star Milling Company, showed that since at least 1904 it had pursued a "vigorous and expensive campaign of advertising" its Tea Rose brand of flour such that it established a sizable business in the market consisting of the State of Alabama, and parts of Mississippi,

---

<sup>31</sup> 240 U.S. 403 (1916).

<sup>32</sup> See, e.g., MCCARTHY, *supra* note 7, § 26:2 (citing *Spartan Food Sys., Inc. v. HFS Corp.* 813 F.2d 1279 (4th Cir. 1987)).

<sup>33</sup> 240 U.S. at 415 (distinguishing prior case language that suggested exclusive nationwide rights in a mark accrued to the first user nationally).

<sup>34</sup> In *Hanover*, the Supreme Court stated:

[W]here two parties independently are employing the same mark upon goods of the same class, but in separate markets wholly remote the one from the other, the question of prior appropriation is legally insignificant, unless at least it appear that the second adopter has selected the mark with some design inimical to the interests of the first user. . . .



Georgia, and Florida.<sup>35</sup> Plaintiff, Allen & Wheeler Company, showed that its predecessor in interest had adopted the Tea Rose mark in 1872, and that it had used it in some capacity until Allen & Wheeler succeeded in rights to the mark in 1904.<sup>36</sup> However, Allen & Wheeler was only able to prove limited use of the mark in the forty years preceding the dispute, consisting only of a few sales to customers in Cincinnati, Pittsburgh, and Boston.<sup>37</sup>

The Court first affirmed that the primary purpose of granting a right to exclusive use of a mark to a party was to prevent another's "palming off" the other's goods as his own—that is, misappropriating some of the party's goodwill represented by the mark.<sup>38</sup> The Court then concluded that such goodwill, and the property rights in it and the mark, only derive from the *use* of the mark.<sup>39</sup> That is, in the Court's opinion common law trademark rights are not rights in gross—nobody can have rights in a mark *per se*—but in the goodwill that ensues from using the mark. Moreover, the Court noted that the territorial extent of the goodwill of a mark—the area where a trademark owner is entitled to protection—is defined by the area where that mark has either been used or where its reputation has become known.<sup>40</sup> As such, the Court held that a junior user of a mark who adopted the mark in a "wholly remote"<sup>41</sup> market in good-faith<sup>42</sup> is entitled to continue using the mark.<sup>43</sup>

The Court emphasized the equities of the situation. Allen & Wheeler had, by its limited use of the mark over a period of forty years, while not specifically

---

<sup>35</sup> *Id.* at 410.

<sup>36</sup> *Id.* at 409.

<sup>37</sup> *Id.*

<sup>38</sup> *Id.* at 412.

<sup>39</sup> *Hanover*, 240 U.S. at 413 ("[T]he right grows out of use, not mere adoption."); *id.* at 414 ("He has no property in that mark *per se*.").

<sup>40</sup> *Id.* at 415–16 ("Into whatever markets the use of a trade-mark has extended, or its meaning has become known, there will the manufacturer or trader whose trade is pirated by an infringing use be entitled to protection and redress."). A trademark owner's market area is defined by the area where consumers would likely be confused by an appropriator's entry into that region using a similar mark. *See infra* notes 62–79 and accompanying text (discussing the infringement standard and the manner of determining a party's market area).

<sup>41</sup> 240 U.S. at 415. The context would indicate that a wholly remote market is one where the other's goodwill has not been attained (i.e., the mark has not previously been used in the market, nor has its reputation been known there).

<sup>42</sup> The case is ambiguous as to whether the good-faith requirement bars one with mere knowledge of another's use of the mark, or bars only the junior user who adopts the mark with "some design inimical to the interests of the first user," such as to appropriate the other's goodwill or "wall off" the other's further expansion. *Id.*; *see also, e.g., id.* at 419 (noting that a mark owner is estopped from claiming infringement when a junior user "in good-faith and without notice" established goodwill in the mark in a remote market) (emphasis added); *infra* note 60 (discussing contemporary meaning of the good-faith requirement).

<sup>43</sup> 240 U.S. at 415.

intending to abandon the mark, "taken the risk that some innocent party might . . . hit upon the same mark and expend money and effort in building up a trade . . . under it."<sup>44</sup> Moreover, the Court noted that Hanover Star's investment in the mark, and the size and remoteness of the market where it had established goodwill, were circumstances to consider.<sup>45</sup> Finally, the Court noted that Hanover Star's market was not one that would probably have been reached by Allen & Wheeler in its natural expansion.<sup>46</sup>

In *United Drug Co. v. Theodore Rectanus Co.*,<sup>47</sup> the Court affirmed its core holding in *Hanover* that rights in a mark are not rights in gross, but rather derive from use of the mark in commerce.<sup>48</sup> In *Rectanus*, Plaintiff held prior rights to the "Rex" mark with respect to its dyspepsia tablets via sales in and around New England.<sup>49</sup> Defendant was an innocent junior user of the mark with respect to its blood purifier sales in and around Louisville.<sup>50</sup> Defendant's sales were limited to the Louisville vicinity, while Plaintiff had been diligent<sup>51</sup> over the course of forty-five years in expanding its business from its initial sales in Massachusetts.<sup>52</sup> Plaintiff's entry into the Louisville market precipitated the suit.<sup>53</sup>

The Court reiterated the rule that rights to a mark derived from a mark's use, and that trademark rights did not extend beyond the area to which a user had "extended his trade."<sup>54</sup> The Court also reiterated the rationale for this rule: consumers in an area where the mark is used recognize the mark as indicating a

---

<sup>44</sup> *Id.* at 419.

<sup>45</sup> *Id.* at 420. Hanover Star had developed a \$175,000 per year trade in its Tea Rose brand flour; its market in Alabama alone was 50,000 square miles and had a population of 2,000,000; and its most northerly point was some 250 miles south of Cincinnati, Allen & Wheeler's southernmost market boundary. *Id.* at 406, 420.

<sup>46</sup> *Id.* at 420 ("We are not dealing with a case where the junior appropriator of a trade-mark is occupying territory that would probably be reached by the prior user in the natural expansion of his trade, and need pass no judgment on such a case."); *see also infra* notes 83-91 and accompanying text (discussing natural expansion doctrine).

<sup>47</sup> 248 U.S. 90 (1918).

<sup>48</sup> *See id.* at 97 (noting that Plaintiff was in error in "supposing that a trade-mark right is a right in gross," and that "[t]here is no such thing as property in a trade-mark except as a right appurtenant to an established business or trade in connection with which the mark is employed").

<sup>49</sup> *Id.* at 94.

<sup>50</sup> *Id.* at 94-96.

<sup>51</sup> Although Defendant disputed whether Plaintiff's predecessor in interest had been diligent in expanding its market, the Court assumed, *arguendo*, diligence in its opinion. *Id.* at 97.

<sup>52</sup> *Id.* at 94-95.

<sup>53</sup> *Rectanus*, 248 U.S. at 95.

<sup>54</sup> *Id.* at 98. This language left open the question whether a common law mark protected not only those areas in which a mark's reputation had reached, but also areas where the user would naturally expand his trade.

source from which that source's reputation and goodwill derive, and any subsequent user can be seen to misappropriate such goodwill by selling his goods as those of the former user.<sup>55</sup> Thus the Court affirmed and extended *Hanover* by holding that a junior user satisfies the Tea Rose elements has rights in its local market superior even to those of a senior user.<sup>56</sup>

The opinion, however, again contained language expressly noting the equities of the situation. The Court stated that to enjoin Defendant from using the mark would deprive him of the goodwill he established through long use and investment in the mark and would award it to Plaintiff since local consumers would likely be confused as to the source.<sup>57</sup> The Court further noted that Plaintiff might be considered to have assumed the risk that a remote user would later use the mark by noting that Plaintiff's predecessor in interest held the mark statically in the New England market for some years.<sup>58</sup>

### B. Comment on the Tea Rose Doctrine

*Hanover Star* and *Rectanus* illustrate the underlying tension in allowing concurrent rights in a mark. On one hand, fairness dictates the protection of an innocent junior user who has invested significant resources in building goodwill in a mark. On the other hand, fairness dictates the allowance of an innocent senior user to expand his business and with it his use of a mark in which he may have invested significant resources. Through *Hanover Star* and *Rectanus*, the Supreme Court has sided with an innocent junior user who adopts a mark in a remote market. In doing so, the Court has trumped a senior user's claim to a nationwide common law right in the same or similar mark.

In those cases, however, the Court interjected language indicating that the facts of the case were material to the Court's decision to protect the junior user's exclusive rights.<sup>59</sup> This implies that in attempting to apply the doctrine to the

---

<sup>55</sup> *Id.* at 100. This is the classic "palming off" rationale. The contemporary infringement standard recognizes other forms of misappropriation than simply selling one's goods as those of another. See *infra* notes 62–63 (discussing contemporary infringement standard).

<sup>56</sup> *Rectanus*, 248 U.S. at 101. The Court indicated that it would have granted Defendant (junior user) an injunction had it requested such relief. *Id.* at 99. Courts today will accordingly grant a junior user an injunction based on similar facts. See, e.g., *Food Fair Stores, Inc. v. Square Deal Mkt. Co.*, 206 F.2d 482, 486 (D.C. Cir. 1953); *GTE Corp. v. Williams*, 649 F. Supp. 164, 176 (D. Utah 1986), *aff'd*, 904 F.2d 536 (10th Cir. 1990).

<sup>57</sup> *Rectanus*, 248 U.S. at 101–02.

<sup>58</sup> *Id.* at 103. However, earlier in the opinion the Court asserted that Plaintiff's diligence was immaterial to the resolution of the dispute. *Id.* at 97.

<sup>59</sup> The Court paid close attention to the following circumstances: (1) the senior user was arguably static for some time, thereby assuming the risk that a remote user would also use the mark in commerce; (2) there was significant investment and long use by the junior user, such that the junior market was appreciable; (3) the markets were very remote, or geographically

Internet, courts should have some level of discretion in weighing the equities of a given case in light of the limited set of remedial options available for an Internet analysis.<sup>60</sup> The bottom line remains clear, however: good-faith investment in a mark by a junior party deserves some level of protection.

### C. Contemporary Law Regarding Geographic Concurrent Use

#### 1. Common Law

The Tea Rose, or good-faith, defense is still utilized today.<sup>61</sup> Courts will uphold the right of a junior user to use the mark at issue exclusively in his market area provided his first use of the mark was in good-faith<sup>62</sup> and was in an area that

---

removed, from one another; and (4) the junior users adopted the marks without knowledge of the other party. See *Hanover Star*, 240 U.S. at 420–24; *Rectanus*, 248 U.S. at 96, 100–04.

<sup>60</sup> Cf. Cendali, *supra* note 17, at 505 (indicating that courts are highly influenced by equitable considerations when deciding Internet domain name disputes involving marks). Courts generally have the opportunity to utilize much discretion in deciding legal and factual issues involved in trademark cases. For example, the natural expansion doctrine, described below, provides courts a means to account for the equity of a given factual situation in that the senior party is allotted some area to expand, as determined by the court. See *infra* Part II.C.1.b (describing natural expansion doctrine). Additionally, the factual determination of the concurrent users' market areas of actual goodwill and the determination of which party is the senior party accords courts even more discretion in determining the concurrent rights of the parties. See *infra* Part II.C.1.a (discussing these concepts). For example, in *Brookfield Communications, Inc. v. W. Coast Entm't Corp.*, 174 F.3d 1036 (9th Cir. 1999), the court refused to allow the Defendant to "tack" its use of the term "moviebuff" on its movie searching service to its use of "Movie Buff's Movie Store," which tacking would have accorded the Defendant seniority status, and which determination precluded the Defendant from using the term on its website since it was thereby deemed a junior party whose first use of the mark was subsequent to the plaintiff's federal registration. *Id.* at 1049; see also *infra* Part II.C.2 (discussing the effect of a federal registration on a junior party's rights). See generally MCCARTHY, *supra* note 7, § 26:16 (discussing how a court's decision of seniority greatly affects the rights of the parties). This discretionary power should be utilized in tailoring new remedies, informed by the remedies outlined below, to shape the law of trademarks on the Internet. Currently, courts are assuming erroneously that their hands are tied to either enjoining a party's use of a mark on the Internet altogether or to permit the party unlimited use. See discussion *infra* Part III.C; see also *infra* note 141.

<sup>61</sup> See Welkowitz, *supra* note 9, at 321 ("The *Hanover Star Milling* and *Rectanus* cases established a doctrine that remains the basis of common law trademark today . . ."); see also *infra* notes 110–12 and accompanying text (describing limited area defense).

<sup>62</sup> It should be noted that knowledge of a senior party's use when the junior party first uses the mark is almost certainly a bar. See MCCARTHY, *supra* note 7, § 26:9. But see *GTE Corp. v. Williams*, 649 F. Supp. 164, 176 (D. Utah 1986) (holding that the junior party had adopted the mark in good-faith despite knowledge of the senior party's use since there was no intent to trade off the goodwill or reputation of the senior party), *aff'd*, 904 F.2d 536 (10th Cir. 1990); *Accu Personnel v. Accustaff, Inc.*, 846 F. Supp. 1191, 1217 (D. Del. 1994) (reaching similar result);

was remote.<sup>63</sup> As one would expect when territorial rights are at stake, much litigation is centered on the geographical boundaries that define concurrent users' territories.

#### a. *Zone of Actual Goodwill*

The concept of geographic concurrent use contemplates that multiple parties have rights to use the same or confusingly similar marks in separate territories when such use in the same territory would otherwise constitute infringement. The test for infringement asks whether multiple parties using similar marks on goods or services in the same area would likely confuse reasonably prudent consumers<sup>64</sup> as to the source, sponsorship, connection, or affiliation of the goods or services associated with the marks.<sup>65</sup> In determining each party's geographic territory of exclusive use rights, a court asks whether a likelihood of confusion exists in a

---

*El Chico, Inc. v. El Chico Café*, 214 F.2d 721, 725 (5th Cir. 1954) (reaching similar result). In any event, subsequent expansion by a junior party is not necessarily barred by knowledge of the senior party in the absence of "inimical intent" (e.g., intent to wall off other's expansion or misappropriate other's goodwill). *Weiner King, Inc. v. The Weiner King Corp.*, 615 F.2d 512, 522 (C.C.P.A. 1980).

<sup>63</sup> This just usually means that at the time of first use there existed no likelihood of confusion. See MCCARTHY, *supra* note 7, § 26:16. Note that if the senior party's zone of reputation includes the area where the junior party first used the mark, the junior party is effectively barred for lacking remoteness. In other words, extensive advertising by a senior user—by protecting the senior user's reputation—helps reduce the possibility of subsequent junior users establishing superior rights in remote areas. See *id.*; *Stork Rest., Inc. v. Sahati*, 166 F.2d 348, 358 (9th Cir. 1948); *infra* notes 71–73 and accompanying text (discussing zone of reputation).

<sup>64</sup> MCCARTHY, *supra* note 7, § 23:91.

<sup>65</sup> The quintessential manner of confusion is confusion as to the *source* of the goods or services (i.e., confusion as to who supplies the goods or services). See *id.* § 23:5. However, it is well established that infringement also contemplates consumer confusion as to a mark owner's sponsorship of, connection to, or affiliation with the infringing goods or services. *Id.* § 23:8; see also, e.g., 15 U.S.C. § 1114(1)(a) (2000) (describing an infringement as being, *inter alia*, any unauthorized use of a registered mark in relation to goods or services when such use "is likely to cause confusion, or to cause *mistake*, or to *deceive*") (emphasis added); 15 U.S.C. § 1125(a) (2000) (codifying these infringement concepts for Lanham Act § 43(a) actions); Comment, *The Scope of Territorial Protection of Trademarks*, 65 NW. U. L. REV. 781, 783–84 (1970) (discussing the broadening of the consumer confusion standard to include confusion resulting from consumers mistakenly inferring a mark owner's *sponsorship* of an infringing good or service); MCCARTHY, *supra* note 7, § 23:6 (discussing initial interest confusion, a species of confusion recognized by most courts wherein a consumer mistakenly *affiliates* a good or service with a mark's owner, even though the consumer actually knows the mark's owner does not make or sponsor the good or service); MCCARTHY, *supra* note 7, § 23:76 (maintaining that the foregoing likelihood of confusion concepts are applied by courts in determining infringement of registered marks under the Lanham Act).

particular area,<sup>66</sup> and if so, grants injunctive relief to the party with the superior rights—the senior user or good-faith remote junior user.<sup>67</sup> In determining which party has superior rights, a court initially makes the factual<sup>68</sup> determination of the senior user's geographic area of rights at the time the junior user adopted the mark to establish whether the junior user's first use was in a remote territory.<sup>69</sup> If the junior user's first use was in a remote area, and the junior user further proves that he is entitled to an area of exclusive use through the Tea Rose defense (i.e., whether the first use was also in good-faith), the court then determines each party's area of exclusive rights in the marks and enjoins the parties from using the marks in each other's area.<sup>70</sup>

The essential task in determining whether party A has rights in a given area is to ascertain whether enough consumers in that area recognize the mark and relate it to party A, such that another party's use of the same or confusingly similar mark in that area would confuse consumers. In this way, party A can be deemed to "possess" that particular area, or to have established superior rights in the area.<sup>71</sup> Courts have traditionally delineated a party's market area by according exclusive rights to a party in his zones of actual market penetration<sup>72</sup> and reputation.<sup>73</sup> However, as courts have generally been unclear as to which zone

---

<sup>66</sup> See generally William Jay Gross, *The Territorial Scope of Trademark Rights*, 44 U. MIAMI L. REV. 1075, 1077 (1990); MCCARTHY, *supra* note 7, § 26:27 ("[Since] the territorial scope of trademark rights must be defined in terms of customer perception[, t]he touchstone of the determination of a trade area is likelihood of confusion.").

<sup>67</sup> Gross, *supra* note 64, at 1078; see also MCCARTHY, *supra* note 7, § 30:1 ("A prevailing plaintiff in a case of trademark infringement or false advertising is ordinarily entitled to injunctive relief of some kind.") (quoting RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 35 cmt. b (Tentative Draft No. 3, 1991)).

<sup>68</sup> MCCARTHY, *supra* note 7, § 26:27 (citing cases); Gross, *supra* note 64, at 1084.

<sup>69</sup> See Gross, *supra* note 64, at 1084.

<sup>70</sup> Cf. MCCARTHY, *supra* note 7, § 26:3.

<sup>71</sup> See MCCARTHY, *supra* note 7, § 26:13 ("In effect, [establishing trademark rights in an unoccupied territory] is a race between the parties to establish customer recognition in [the] unoccupied territory . . .").

<sup>72</sup> The zone of actual market penetration indicates areas where a user has developed goodwill through actual sales of his products or services. Thomas F. Cotter, *Owning What Doesn't Exist, Where It Doesn't Exist: Rethinking Two Doctrines from the Common Law of Trademarks*, 1995 U. ILL. L. REV. 487, 492. It can be defined as "those areas in which the trademarked goods or services are sold, and . . . the area in which the consumers reside who customarily purchase the goods or services." Gross, *supra* note 66, at 1084 (quoting Miles J. Alexander & James H. Coil, III, *Geographic Rights in Trademarks and Service Marks*, 68 TRADEMARK REP. 101, 104 (1978)).

<sup>73</sup> A mark's zone of reputation can be defined as those areas into which a "mark's reputation has been carried by word of mouth and/or by advertisements." Gross, *supra* note 66, at 1085 (quoting Alexander & Coil, *supra* note 69, at 105). Even though extending a party's rights in a mark to areas other than where the mark is actually utilized in commerce is contrary to the core principle outlined in *Hanover*—that rights in a mark derive from use of the mark—

they are measuring and referring to, utilizing these separate zones has generated confusion.<sup>74</sup> The basic end has always been sought—to determine the area where consumers recognize a mark as relating to a particular party, regardless of whether consumer recognition derives from actual sales in an area or merely through reputation.<sup>75</sup> Therefore, little reason exists for courts to refer to these two zones separately. An appropriate label for this market area is a “zone of actual goodwill,”<sup>76</sup> as goodwill is commonly understood to derive from consumer recognition. Accordingly, this note will herein refer only to the zone of actual goodwill.

As can generally be gleaned from the foregoing discussion, courts look to several indicia to determine a party’s zone of actual goodwill. Courts will accord exclusive rights in a mark to a party in an area where a sufficient number of sales are completed or buyers are located.<sup>77</sup> Courts will also note the amount and

---

there is a sufficient basis in that case for according rights in a mark based solely upon reputation. *See* *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 415–16 (1916) (“Into whatever markets the use of a trade-mark has extended, *or its meaning has become known*, there will the manufacturer or trader whose trade is pirated by an infringing use be entitled to protection and redress.”) (emphasis added). Courts routinely grant exclusive rights in a mark based on the zone of reputation. *See, e.g.*, MCCARTHY, *supra* note 7, § 26:16 (describing that a junior user will be precluded from utilizing the Tea Rose defense for lacking remoteness if the reputation of the senior user’s mark extended into the junior user’s area when the junior user first adopted its confusingly similar mark); *id.* § 26:17 (citing cases and noting that increasing travel and modern media have enabled the reputation of a mark to encompass vast areas). Some courts and commentators also recognize a separate zone of advertising, which further confuses, needlessly, the concepts involved. *See, e.g.*, MCCARTHY, *supra* note 7, § 26:27 (also noting a zone of advertising); Comment, *supra* note 65, at 789 (also noting a zone of advertising); Cotter, *supra* note 72, at 492; Gross, *supra* note 66, at 1085; Welkowitz, *supra* note 9, at 328. Another zone delineated by courts, the zone of natural expansion, is discussed below. *See infra* Part II.C.1.b.

<sup>74</sup> As one commentator laments:

The courts have difficulty, however, when confronted with the problem of determining the territorial scope of each of these zones of protection. Courts do not always clearly indicate which theory they are applying. This confusion can be seen when courts use the terminology generally associated with one zone of protection in order to describe another zone. It is further reflected by the incorporation of factors that are used to measure different zones within the test for a single zone. In addition, the courts do not agree on which factors should be considered in delineating the territorial scope of trademark rights within each of these . . . zones.

Gross, *supra* note 66, at 1078–79. Gross later advocates the use of a single zone of “consumer recognition.” *Id.* at 1111–12.

<sup>75</sup> *See* MCCARTHY, *supra* note 7, § 26:27 (“Of course, customer recognition is the primary indicator of one’s market area and ‘zones of protection’ for a mark.”).

<sup>76</sup> *See* Cotter, *supra* note 72, at 492 (utilizing this term).

<sup>77</sup> In the past, courts only required *de minimis* sales to establish priority in an area. MCCARTHY, *supra* note 7, § 26:13 (citing cases). However, the requirement has been raised to

coverage of advertising.<sup>78</sup> Moreover, the nature of the product or service itself is a material factor in determining the area of consumer recognition.<sup>79</sup> Thus, courts have accorded nationwide priority in marks to such parties as hotel operators,<sup>80</sup> based upon their mobile client base, or owners of well-known restaurants,<sup>81</sup> based in part on their extensive advertising. In contrast, courts have allowed competing local businesses with little goodwill to operate under very similar marks in the same city.<sup>82</sup>

With respect to the Internet, merely placing a mark on the Web—for example, by using the mark in a domain name—does not accord a party a nationwide reputation. A reputation is rooted in consumer recognition, and the mere act of making a mark available nationally via the Web is a separate question from whether consumers have actually accessed the party's mark or recognize it. It is quite possible that consumers would have trouble accessing a party's website even if they searched for it using the mark.<sup>83</sup> Likewise, the mere act of placing a mark on the Web should not itself constitute advertising that warrants legal

---

reflect a level that would establish infringement—that is, a level of sales evidencing actual consumer recognition in a mark such that another's use would likely cause confusion. *See* MCCARTHY, *supra* note 7, §§ 26:13–15; Gross, *supra* note 66, at 1085. The Eighth Circuit raised the bar when it held that “market penetration . . . must be significant enough to pose [a] real likelihood of confusion among the consumers in [an] area between the products of plaintiff and the products of defendants.” *See* MCCARTHY, *supra* note 7, § 26:14 (citing *Sweetarts v. Sunline, Inc.*, 380 F.2d 923, 929 (8th Cir. 1967)). The *Sweetarts* court stated that in determining whether market penetration was significant, a court should look at (1) the dollar value of sales at the time defendants entered the market; (2) the number of customers compared to the population of the state; (3) the relative and potential growth of sales; and (4) the length of time since significant sales. *Sweetarts*, 380 F.2d at 929. The Third Circuit later enunciated its own factors to consider in determining whether market penetration was significant enough to accord a party rights in an area. It held that courts should look at (1) volume of sales; (2) growth trends; (3) number of buyers in a ratio to potential customers; and (4) amount of advertising. *See* MCCARTHY, *supra* note 7, § 26:14 (citing *Natural Footwear, Ltd. v. Hart, Schaffner & Marx*, 760 F.2d 1383, 1398–99 (3d Cir. 1985)). These factored analyses demonstrate the confusion previously noted that courts perpetuate by imprecisely defining their bases for granting a party an area of exclusive use. *See supra* note 74. These courts purport to define factored analyses to determine the zone of actual market penetration, but include factors relating to reputation, advertising, and likely expansion trends. *See generally* Gross, *supra* note 66, at 1103–10.

<sup>78</sup> *See* MCCARTHY, *supra* note 7, § 26:17.

<sup>79</sup> *See id.* § 26:27. If the users of the goods or services are particularly ambulatory, such as the users of hotels, restaurants, and gasoline stations, they may carry the reputation of a mark far afield. *See, e.g., id.* § 26:17. When coupled with extensive advertising, products that are capable of being shipped through the mail can encompass a large trading area. *Id.*

<sup>80</sup> *See, e.g., Quality Courts United, Inc. v. Quality Courts, Inc.*, 140 F. Supp. 341 (M.D. Pa. 1956).

<sup>81</sup> *Stork Rest., Inc. v. Sahati*, 166 F.2d 348 (9th Cir. 1948).

<sup>82</sup> *See* MCCARTHY, *supra* note 7, § 26:29 (citing *Junior Food Stores, Inc. v. Jr. Food Stores, Inc.*, 226 So. 2d 393 (Fla. 1969)).

<sup>83</sup> *See infra* Part IV.C.1 (discussing search engines).



protection, since the mere act requires little resources.<sup>84</sup> Rather, courts should accord protection based on how well a website is maintained and optimized, since maintaining a website (presumably containing a party's mark) and optimizing it in relation to search engines—thereby making it more accessible to “websurfers”—are tasks that can require considerable resources.<sup>85</sup> More direct means to advertise via the Web, such as purchasing “banner” and “pop-up” advertisements and hyperlinking to other websites, consume even more resources.<sup>86</sup> Therefore, a party's advertising via the Web is probative of consumer recognition in the same way as it is outside the Web context—it generally garners greater recognition in relation to the amount of resources expended upon it. Furthermore, actual market penetration can be measured in the more usual fashion—by looking at the amount of sales and the area where purchasers are located.

In conclusion, then, one can see that determining a party's zone of actual goodwill via the Internet will necessarily continue to be a fact-driven analysis. Simple rules considering the Web to be a single market and presumptions of nationwide reputation via the Web should be avoided.

#### b. *Zone of Natural Expansion*

Many courts nominally recognize a zone of natural expansion,<sup>87</sup> through which they grant superior rights to a senior user outside his zone of actual goodwill in an effort to protect the senior user's interest in expansion.<sup>88</sup> A court applying this natural expansion theory will protect not only a senior user's actual goodwill, but also his “potential goodwill,” or the goodwill deriving from those areas where the senior user was reasonably likely to penetrate at the time the junior user adopted the mark.<sup>89</sup> Factors utilized to determine a senior user's zone of natural expansion have included: (1) the geographical distance from the senior user's actual location to a point on the perimeter of the zone of expansion; (2) the

---

<sup>84</sup> See, e.g., *infra* note 182 (noting that obtaining a domain name costs \$30 per year).

<sup>85</sup> See *infra* Part IV.B.

<sup>86</sup> See generally *infra* Parts IV.B–C.

<sup>87</sup> See, e.g., *Allard Enters. v. Advanced Programming Res.*, 249 F.3d 564, 574 (6th Cir. 2001) (approving of district court's use of the natural expansion doctrine); *Spartan Food Sys. v. HFS Corp.*, 813 F.2d 1279, 1283 (4th Cir. 1987); *Weiner King, Inc. v. The Wiener King Corp.*, 615 F.2d 512, 523 (C.C.P.A. 1980); *Food Fair Stores, Inc. v. Lakeland Grocery Corp.*, 301 F.2d 156, 161–62 (4th Cir. 1962); *Sweet Sixteen Co. v. Sweet “16” Shop, Inc.*, 15 F.2d 920, 924 (8th Cir. 1926). *But see* *Raxton Corp. v. Anania Assocs., Inc.*, 635 F.2d 924, 931 (1st Cir. 1980), *appeal after remand*, 668 F.2d 622 (1st Cir. 1982) (rejecting zone of expansion theory). The Supreme Court alluded to such a zone in *Hanover*. See *supra* note 46 and accompanying text.

<sup>88</sup> See MCCARTHY, *supra* note 7, § 26:20 (noting that the policy of the natural expansion doctrine is to accord the senior user some “breathing space” for future expansion).

<sup>89</sup> Cotter, *supra* note 72, at 493.

nature of the business; (3) the size of the zone of actual market penetration or reputation; (4) history of the senior user's past expansion; and (5) whether it would require an unusual "great leap forward" for the senior user to enter the zone.<sup>90</sup>

The theory of natural expansion, while being recognized by many courts, in practice has resulted in modest gains for senior users.<sup>91</sup> Moreover, courts and commentators have increasingly criticized the theory for being unpredictable in application, unnecessary in light of Lanham Act protection, and unfair to the junior user by penalizing him for the senior's unforeseen expansion.<sup>92</sup>

More importantly, the theory is at least partially inapplicable to the Internet. Parties who can conduct business nationwide, such as by shipping products though the mail, can be thought of as being reasonably likely to penetrate the entire nation as soon as they place their mark on the Web, since the geographic reach of a party's website is unlimited. Such parties' zone of natural expansion, therefore, could include the entire nation (or the world). However, it would be a mistake to accord such parties exclusive Internet rights in a mark based solely on superficial natural expansion logic. Such a rule would provide no incentive for parties engaged in this type of business activity to federally register their mark, a factor that courts have explicitly held to be dispositive in other contexts.<sup>93</sup> By using injunctions and the remedies described below,<sup>94</sup> courts can continue to provide an incentive for mark owners to ensure their nationwide priority on the Internet, as with any other marketing channel, by federally registering the mark.<sup>95</sup>

---

<sup>90</sup> See MCCARTHY, *supra* note 7, § 26:24. (noting that the Eleventh Circuit applied the factors in *Tally-Ho, Inc. v. Coast Community College District*, 889 F.2d 1018 (11th Cir. 1989)).

<sup>91</sup> See MCCARTHY, *supra* note 7, § 26:20 (citing cases and concluding that most courts narrowly define the senior user's zone of natural expansion, awarding some space if the senior user has constantly expanded his market area prior to the junior user's first adoption of the mark and "if the distances are not great").

<sup>92</sup> See Gross, *supra* note 66, at 1088 (citing *beef & brew, inc. v. Beef & Brew, Inc.*, 389 F. Supp. 179, 185 (D. Or. 1974) (imprecisely applied); *Raxton*, 635 F.2d at 930 (unnecessary and unfair)); see also MCCARTHY, *supra* note 7, § 26:23 (noting the increased criticism of the theory and citing RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 19 cmt. c (Tentative Draft No. 2, 1990) (rejecting zone of natural expansion unless the junior user knew of other's likely expansion into area)); MCCARTHY, *supra* note 7, § 26:20 (criticizing the theory by stating that "[t]he rub comes when one attempts to define, under the facts, the exact extent of this imaginary 'zone of natural expansion'"). The First Circuit has expressly rejected the natural expansion theory. *Raxton*, 635 F.2d at 927.

<sup>93</sup> See *Weiner King, Inc. v. The Wiener King Corp.*, 615 F.2d 512 (C.C.P.A. 1980) (granting junior party/federal registrant nationwide priority based in part on policy to reward the federal registrant).

<sup>94</sup> See *infra* Part IV.

<sup>95</sup> See *infra* Part II.C.2.a (describing the Lanham Act's granting of nationwide priority to registrants). See generally Brian L. Berlandi, *What State Am I In?: Common Law Trademarks on the Internet*, 4 MICH. TELECOMM. & TECH. L. REV. 105, 114 (1998) (noting that courts will

## 2. The Lanham Act

### a. Nationwide Rights

Through the Lanham Act of 1946,<sup>96</sup> Congress grants exclusive nationwide rights to senior users who federally register their marks.<sup>97</sup> Section 33(a) of the Act provides that a registration “shall be *prima facie* evidence . . . of the registrant’s exclusive right to use the registered mark in commerce.”<sup>98</sup> Also, when the mark has become incontestable,<sup>99</sup> section 33(b) provides that the registration “shall be *conclusive* evidence . . . of the registrant’s exclusive right to use the registered mark in commerce.”<sup>100</sup>

These exclusive nationwide rights are even more striking in light of the fact that Congress negated the availability of the Tea Rose defense for certain junior user/non-registrants. Section 22 of the Act overcomes the Tea Rose defense by providing that the registration of a mark gives others constructive notice<sup>101</sup> of the registrant’s rights, thus eliminating a key element of that defense for anyone who utilizes the mark subsequent to the senior user’s registration date.<sup>102</sup> More recently, in 1988 Congress pushed forward the date for eliminating the Tea Rose

---

likely use traditional trademark rules to determine the area delimited by a mark owner’s “reasonable likelihood” of expansion with regards to Internet usage). It should be noted that in raising the issue of natural expansion on the Internet, Berlandi assumes that such expansion would be contiguous expansion. *Id.* at 116. However, depending on the nature of the owner’s business, this assumption is unwarranted with respect to the Internet, as a sale to a customer across the country is probably just as likely as a sale to a customer in an adjoining area. *See infra* note 139 and accompanying text (proposing the use of states as minimum market areas to help deal with non-contiguous expansion issues rationally).

<sup>96</sup> 15 U.S.C. §§ 1051–1127 (2000).

<sup>97</sup> *See* Lanham Act § 2(d), 15 U.S.C. § 1052(d) (2000) (listing as a basis for refusing registration the circumstance where a registrant’s mark “so resembles . . . a mark . . . previously used in the United States by another and not abandoned, as to be likely, when used on or in connection with the goods of the applicant, to cause confusion.”). The statute’s language arguably only allows senior users to register a mark and thereby garner exclusive nationwide rights in it. However, in certain circumstances courts have granted this opportunity to junior users instead. *See Weiner King*, 615 F.2d at 524; *In re Beatrice Foods Co.*, 429 F.2d 466, 474 (C.C.P.A. 1970).

<sup>98</sup> 15 U.S.C. § 1115(a) (2000).

<sup>99</sup> A mark can become statutorily incontestable if, *inter alia*, it has been continuously used in commerce for five years and the mark has not become generic, provided that the owner files an affidavit with the USPTO claiming such incontestable status. Lanham Act § 15, 15 U.S.C. § 1065 (2000).

<sup>100</sup> 15 U.S.C. § 1115(b) (2000) (emphasis added).

<sup>101</sup> The Act provides that “[r]egistration of a mark . . . shall be constructive notice of the registrant’s claim of ownership thereof.” Lanham Act § 22, 15 U.S.C. § 1072 (2000).

<sup>102</sup> Courts have generally construed the “constructive notice” provision to eliminate the good-faith element of the Tea Rose defense. *See, e.g., MCCARTHY, supra* note 7, § 26:32.

defense to the date of *application* for registration through its constructive use provision of section 7(c).<sup>103</sup> For those applications filed after November 16, 1989,<sup>104</sup> the act of filing can constitute use of the mark in commerce granting nationwide priority to the applicant—provided a registration issues on the application—such that junior users are precluded from using the Tea Rose defense in any area where they began using the mark subsequent to the senior user's application date.<sup>105</sup>

Thus, Congress has taken an opposing position from the Supreme Court in its *Hanover Star* and *Rectanus* holdings: Congress has seemingly provided for the protection of a senior user's expansion with a "first in time" rule that grants nationwide priority to a mark holder through registration.<sup>106</sup> However, Congress did not totally eliminate the Tea Rose defense through the previously cited sections of the Lanham Act. Rather, as discussed below, those sections merely preclude the use of the Tea Rose defense by certain junior users.

### *b. Intermediate Junior Users Can Utilize the Tea Rose Defense*

An "intermediate" junior user is defined as a user whose first use of a mark that is confusingly similar to another's occurred after the other's first use—hence, the "junior" label—but prior to the other's application for registration of the mark.<sup>107</sup> If a registered mark has not become statutorily incontestable,<sup>108</sup> section

---

<sup>103</sup> The Trademark Law Revision Act of 1988 added section 7(c) to provide that the filing of an application—if a registration issues from the application—constitutes constructive use of the mark giving nationwide priority to the applicant. See Lanham Act § 7(c), 15 U.S.C. § 1057(c) (2000); Welkowitz, *supra* note 9, at 338 (discussing constructive use).

<sup>104</sup> Section 7(c)'s constructive use provision is likely unavailable for applications filed prior to the effective date of the Trademark Law Revision Act of 1988. See MCCARTHY, *supra* note 7, § 26:38. As such, applicants filing for registration prior to November 16, 1989 can only rely on the constructive notice provision of section 22, which cuts off non-registrant rights as of the date the registration issues rather than the date the application was filed. 15 U.S.C. § 1072 (2000).

<sup>105</sup> See MCCARTHY, *supra* note 7, § 26:38 (discussing constructive use).

<sup>106</sup> The Lanham Act's exclusive nationwide priority based on registration is to be contrasted with the principle stated by the Supreme Court in *Hanover* that rights in a mark are not rights in gross, but derive from the mark's use, and that said use delimits the area where an owner has rights in the mark. See *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 415–16 (1916); *supra* note 11 and accompanying text.

<sup>107</sup> See MCCARTHY, *supra* note 7, § 26:44 (outlining a hypothetical situation to illustrate how a junior user can be considered "intermediate"). For simplification, the remainder of this Part will consider section 7(c) constructive use only. See *id.* § 26:38 (noting that section 7(c)'s constructive use provision should render section 22's constructive notice provision moot). However, since constructive use is unavailable for registration applications filed prior to November 16, 1989, as noted *supra* note 104, registrants filing prior to that date would need to resort to section 22's constructive notice provision to cut off another's Tea Rose defense. The same result is achieved by relying on section 22 rather than section 7(c), but at a later date—the

33(a) of the Lanham Act preserves the Tea Rose defense for intermediate junior users. That section states that a registration is *prima facie* evidence of the registrant's exclusive right to use the mark in commerce, but that the registration "shall not preclude another person from proving any legal or equitable defense . . . which might have been asserted if such mark had not been registered."<sup>109</sup> The Tea Rose defense is such a "legal or equitable defense" mentioned in section 33(a).<sup>110</sup> If the junior's use is prior to the application of the senior user—by definition an intermediate use—section 7(c)'s constructive use provision will not defeat the Tea Rose defense.<sup>111</sup> Therefore, an intermediate junior user can rebut the registrant's *prima facie* case of nationwide priority through the Tea Rose defense and can thereby protect those market areas where he established goodwill prior to the senior party's application filing date.<sup>112</sup>

Likewise, even when a senior party's registration has become statutorily incontestable, such that the registration is conclusive evidence of the registrant's exclusive nationwide rights in the mark,<sup>113</sup> section 33(b) expressly establishes a "limited area defense" for intermediate junior users.<sup>114</sup> The limited area defense

---

date a registration issues rather than the date the application was filed. *See supra* notes 74–78 and accompanying text.

<sup>108</sup> *See supra* note 99.

<sup>109</sup> Lanham Act § 33(a), 15 U.S.C. § 1115(a) (2000).

<sup>110</sup> *See* Gross, *supra* note 66, at 1097 n.113; *cf.* MCCARTHY, *supra* note 7, § 26:48 (discussing the statutory interpretation of section 33(b)(5) and implicitly assuming that the Tea Rose defense is a common law defense included within the meaning of section 33(a)).

<sup>111</sup> Also, it should be noted that section 7(c) expressly provides that constructive use does not operate against another party's usage prior to the filing of the application. 15 U.S.C. § 1057(c) (2000) (providing that "the filing of the application . . . shall constitute constructive use of the mark, conferring a right of priority, nationwide in effect . . . against any other person except for a person . . . who, prior to such filing . . . has used the mark").

<sup>112</sup> *See* MCCARTHY, *supra* note 7, § 26:45 (discussing the "freezing" of an intermediate user's market area as of the date of application). Determining the intermediate junior user's market area is a factual question that considers the territorial extent of the intermediate junior user's goodwill generated by the mark, as evidenced by sales, advertising, and reputation. *Id.*; *see supra* notes 72, 76 and accompanying text (discussing the zone of actual goodwill concept).

<sup>113</sup> *See supra* note 99.

<sup>114</sup> The Lanham Act states that:

Such conclusive evidence of the right to use the registered mark . . . shall be subject to the following defenses or defects:

....

(5) That the mark whose use by a party is charged as an infringement was adopted without knowledge of the registrant's prior use and has been continuously used by such party . . . from a date prior to (A) the date of constructive use of the mark established pursuant to section 7(c), (B) the registration date of the mark under this Act if the application for registration is filed before the effective date of the Trademark Law Revision Act of 1988 . . . .

essentially denies a mark's incontestability as against intermediate users<sup>115</sup> who can then proceed to prove the Tea Rose defense to establish their areas of exclusive use.<sup>116</sup>

In a nutshell, the Lanham Act grants exclusive nationwide rights to a mark holder who federally registers his mark, but significantly limits these rights by allowing junior users to retain some common law rights, including those proven through the Tea Rose defense that were established prior to the registrant's filing his application. A modified Tea Rose defense exists under the Lanham Act—a junior user can still establish his own market area where he can exclusively utilize the confusingly similar mark by proving good-faith adoption of the mark in a remote area, but the junior user's ability to expand his exclusive market area is frozen as of the date of a senior user's application for federal registration.

### c. *The Dawn Donut Rule*

Even if a junior user has no rights in a mark—for example, his first use of the mark was not in good-faith or was subsequent to the senior user's application for federal registration—a court will not enjoin the junior user until the senior user intends to enter the market according to the rule laid down in *Dawn Donut Co. v.*

---

Lanham Act § 33(b), 15 U.S.C. § 1115(b) (2000).

<sup>115</sup> In the statute's language, users who "adopted [the mark] without knowledge of the registrant's prior use and [have] been continuously [using the mark] from a date prior to (A) the date of constructive use of the mark[, or] (B) the registration date of the mark . . . if the application for registration is filed before [November 16, 1988]." Lanham Act § 33(b)(5), 15 U.S.C. § 1115(b)(5) (2000). It should be noted that section 15 itself limits incontestable status "to the extent, if any, to which the use of a [registered] mark . . . infringes a valid right acquired under the law of any State or Territory by use of a mark . . . continuing from a date prior to the date of registration." 15 U.S.C. § 1065 (2000) (emphasis added). This is arguably inconsistent with section 33(b)(5)(A), since that section bars the limited area defense for any usage occurring after the constructive use date, or the date of *application* for registration. At least one commentator maintains that section 33(b)(5) should control, and that incontestable status in this context should exist for any use of the mark subsequent to the date of application for registration—that is, the limited area defense should be unavailable for any usage by an intermediate junior user subsequent to the registrant's application date, and as such, an intermediate junior user's market area should be frozen as of the date of application through section 33(b)(5). See MCCARTHY, *supra* note 7, §§ 26:45, :49.

<sup>116</sup> The statute is ambiguous regarding whether section 33(b)(5) is a defense itself or merely negates the incontestable status of the registrant's mark. The problem with assuming that section 33(b)(5) is a defense occurs when one considers that the statute does not require a remoteness element, such that only the subjective good-faith of a junior user in adopting the confusing mark is material, even if he adopts it in an area where consumers relate the mark to the senior user. 15 U.S.C. § 1115(b)(5) (2000). This absurd result is avoided by viewing section 33(b)(5) as denying incontestable status to the registrant's mark, in which case the junior user can establish the common law Tea Rose defense, which requires remoteness. See MCCARTHY, *supra* note 7, § 26:48 (adopting this view).

*Hart's Food Stores, Inc.*<sup>117</sup> In that case, the Second Circuit maintained that even though the senior user/federal registrant had nationwide priority under the Lanham Act, it could not at that time enjoin the good-faith junior user since it was not using the mark in the junior user's territory and had no intent to use it there in the near future.<sup>118</sup> The court reasoned that since the parties' markets were distinct, and no likelihood of consumer confusion would result in the two parties continuing to use the mark in their respective territories, the Lanham Act did not authorize an injunction as such.<sup>119</sup> The court held that the senior user/federal registrant could enjoin the junior user if and when the senior user displayed an intent to enter the junior user's market.<sup>120</sup>

Thus, according to the rule laid down in *Dawn Donut*, courts protect a junior user's good-faith investment in a mark even against a federal registrant who may rightfully enjoin the junior user, if only until the registrant decides to enter the junior user's market.<sup>121</sup> It is clear, then—as evidenced in the case law since *Hanover* and in successive re-enactments of the Lanham Act that retain the limited area defense—that both the courts and Congress have accorded substantial protection to a junior user's good-faith investment in a mark by allowing multiple parties to possess exclusive rights in a mark in geographically distinct market areas. The struggle going forward is to apply these principles to the Internet.

### III. TRADEMARK LAW ON THE INTERNET

The Internet is generally a global “network of computer networks” that permits worldwide communication between remote computers.<sup>122</sup> Each computer linked to the Internet has a unique numeric Internet Protocol (“IP”) address.<sup>123</sup> The fastest growing segment of the Internet is known as the World Wide Web (“Web”).<sup>124</sup> The Web is a method of communicating on the Internet that utilizes

---

<sup>117</sup> 267 F.2d 358 (2d Cir. 1959).

<sup>118</sup> *Id.* at 365.

<sup>119</sup> *Id.* at 364 (noting that 15 U.S.C. § 1114 only grants a registrant the right to enjoin another user of the mark whose use “creates a likelihood of public confusion as to the origin of the products”).

<sup>120</sup> *Id.* at 365.

<sup>121</sup> MCCARTHY, *supra* note 7, § 26:33.

<sup>122</sup> *E.g.*, *Reno v. ACLU*, 521 U.S. 844, 850–51 (1997); *ACLU v. Reno*, 929 F. Supp. 824, 832 (E.D. Pa. 1996); *Panavision Int'l L.P. v. Toeppen*, 945 F. Supp. 1296, 1299 (C.D. Ca. 1996), *aff'd*, 141 F.3d 1316 (9th Cir. 1998).

<sup>123</sup> *E.g.*, Swartz, *supra* note 11, at 1489.

<sup>124</sup> *E.g.*, *Brookfield Communications, Inc. v. W. Coast Entm't Corp.*, 174 F.3d 1036, 1044 (9th Cir. 1999) (noting that “[t]he Web . . . is the most widely used and fastest growing part of the Internet except perhaps for electronic mail”) (citing *United States v. Microsoft*, 147 F.3d 935, 939 (D.C. Cir. 1998)); *ACLU*, 929 F. Supp. at 836.

"browser" programs on users' computers to read documents on the Web written in hypertext markup language ("HTML") in order to present the user with text, images, sound, animation, and moving video.<sup>125</sup> These Web documents are capable of being "hyperlinked" to documents at other IP addresses.<sup>126</sup> A number of Web documents located at the same IP address is known as a website.<sup>127</sup>

Because of the Web's ability to transmit such media as graphics, sounds, and text, commercial interests have flocked to it as a new medium to reach end-users.<sup>128</sup> As such, many disputes have arisen over the commercial use of marks on the Web. One of the ways a mark may be used on the Web includes its use as text in domain names.<sup>129</sup> Currently, the overwhelming majority of disputes regarding trademark infringement on the Web have involved their use in domain names.<sup>130</sup>

### A. Domain Name Basics

Domain names are alphanumeric mnemonics, or proxies, for each website's unique IP address.<sup>131</sup> The Internet Corporation for Assigned Names and Numbers ("ICANN") is a non-profit organization responsible for, among other things, managing the domain name system ("DNS")<sup>132</sup> by ensuring that any particular

---

<sup>125</sup> *ACLU*, 929 F. Supp. at 836.

<sup>126</sup> *Id.*; see *infra* note 179 (discussing hyperlinks).

<sup>127</sup> Ira S. Nathenson, *Showdown at the Domain Name Corral: Property Rights and Personal Jurisdiction over Squatters, Poachers and Other Parasites*, 58 U. PITT. L. REV. 911, 914 n.5 (1997). Since a site can also contain just a single document, or page, the terms "site," "page," and "document" will be used interchangeably herein.

<sup>128</sup> *E.g.*, Nash, *supra* note 11, at 527 ("The Web allows a business to set up a virtual storefront on the Internet to advertise and sell products."); Tobi Elkin, *Marketing Online: What's Ahead on the Net; Marketers Look for Measurable Results Online*, ADVERTISING AGE, Jan. 14, 2002, at 54, 54 (noting that money spent on online advertising in 2000 and 2001 totaled \$7.4 billion and \$6 billion, respectively).

<sup>129</sup> Other ways trademarks can potentially be infringed on the Web include their use in metatags, plain text on the site, banner advertisements, post-domain URL paths, and wallpaper. See, e.g., Cendali, *supra* note 17; *Playboy Enters., Inc. v. Welles*, 279 F.3d 796 (9th Cir. 2002) (discussing banner advertisements and wallpaper); *infra* Part IV.C for a discussion of metatags and plain text.

<sup>130</sup> See, e.g., Internet Corporation for Assigned Names and Numbers (ICANN), *Statistical Summary of Proceedings Under Uniform Domain Name Dispute Resolution Policy*, at <http://www.icann.org/udrp/proceedings-stat.htm> (last visited Apr. 13, 2003) (noting that 11,539 domain name dispute decisions had been rendered in 2003 as of April 10).

<sup>131</sup> See, e.g., G. Peter Albert, *Right on the Mark: Defining the Nexus Between Trademarks and Internet Domain Names*, 15 J. MARSHALL J. COMPUTER & INFO. L. 277, 280 (1997); Nathenson, *supra* note 127, at 918–25.

<sup>132</sup> See ICANN, *About ICANN*, at <http://www.icann.org/general/abouticann.htm> (last visited Feb. 22, 2003) (explaining their authority in managing the domain name system); ICANN, *ICANN Structural Overview*, at <http://www.icann.org/general/structure.htm> (last



domain name points to only one IP address in the same manner that any particular telephone number points to only one household.<sup>133</sup> Domain names are read from right to left, and consist of several alphanumeric strings separated by periods, or dots, in which successive strings represent an increasing level of address-indicating specificity. The first string on the right is named the top-level domain ("TLD"), with the strings to the left being subdomains of the TLD, the first of which is the second-level domain ("SLD").<sup>134</sup> For example, in the domain name "www.cnn.com," the ".com" string is the TLD, and "cnn" is the SLD, with "www" being a string that is common to all domain names, and as such, is legally insignificant in a trademark context.<sup>135</sup>

### B. The Nexus Between Domain Names and Trademark Law

Domain names are a convenient way for end-users to recall or guess the website address of an online commercial enterprise.<sup>136</sup> As such, commercial

---

visited Feb. 8, 2003) (describing the domain name system as being one of globally unique domain names, or domain names that point to a unique IP address worldwide).

<sup>133</sup> See InterNIC, *Frequently Asked Questions*, at <http://www.internic.net/faqs/authoritative-dns.html> (last visited Mar. 19, 2003). InterNIC is a subsidiary entity of ICANN set up to handle informational management services for ICANN. ICANN, *Frequently Asked Questions*, at <http://www.icann.org/general/faq1.htm> (last visited Mar. 19, 2003). See also, Nathenson, *supra* note 127, at 918 ("[a] domain name is the Internet equivalent of a telephone number or address."); *Reno v. ACLU*, 521 U.S. 844, 852 (1997) (comparing IP address to a telephone number); *MTV Networks v. Curry*, 867 F. Supp. 202, 204 n.2 (S.D.N.Y. 1994) (same). Part of ICANN's management of the domain name system entails certifying private companies, known as registrars, to perform domain name registration duties. These duties include maintaining a database that matches an individual domain name with a specific IP address. Colby B. Springer, *Master of the Domain (Name): A History of Domain Name Litigation and the Emergence of the Anticyber-squatting Consumer Protection Act and Uniform Dispute Resolution Policy*, 17 SANTA CLARA COMPUTER & HIGH TECH. L.J. 315, 319–20 (2001). A list of currently certified registrars is maintained at InterNIC's website. InterNIC, *Accredited Registrar Directory*, at <http://www.internic.net/alpha.html> (last visited Mar. 19, 2003).

<sup>134</sup> TLDs comprise the either country-specific strings, such as ".us," ".uk," ".fr," and the like, or generic (international) strings, such as the familiar ".com," ".org," and ".edu." Most individuals and organizations in the United States register their addresses utilizing the generic TLDs. Nathenson, *supra* note 127, at 922.

<sup>135</sup> The string "www" is merely a common indicator specifying that the strings to the right of it are in fact a domain name, or address, of the World Wide Web. See, e.g., Patent & Trademark Office U.S. Dep't of Commerce, *Examination Guide No. 2-99: Marks Composed, in Whole or in Part, of Domain Names*, at <http://www.uspto.gov/web/offices/tac/notices/guide299.htm> (Sept. 29, 1999) [hereinafter USPTO Examination Guide] (indicating that the "average person familiar with the Internet recognizes the format for a domain name and understands that . . . 'www' [precedes every domain name]").

<sup>136</sup> Cf. Nathenson, *supra* note 127, at 919–20 (maintaining that a mad rush has been ongoing to register domain names because the nature of the domain name system renders it

enterprises typically incorporate their trademarks into the SLDs of the domain names they register for their websites.<sup>137</sup> Because the Web is such a powerful medium with which to interact with a vast number of consumers, the locating component of which is the domain name, and because only one individual or organization can register any single domain name,<sup>138</sup> domain names have become valuable commodities<sup>139</sup> in online commerce.<sup>140</sup> As they are allotted via

---

essential to have an "easy-to-remember or guessable" SLD, and because of the fact that generic TLDs, like the ubiquitous ".com," operate globally); BADGLEY, *supra* note 27, § 2.09 ("One of the cardinal rules for domain names is 'keep it short.' A short, catchy domain name comprised of as few letters as possible is . . . vastly preferable to a long-winded domain name. A shorter domain name is easier to remember [and to type]."). Unless a consumer knows the domain name of the site he is trying to reach, he will typically make an educated guess as to the appropriate SLD to input to reach the website, usually followed by ".com." Frequently, when such a user is trying to reach the website of an organization with a well-known trademark, the user will simply type "[trademark].com" into his browser. For example, by typing the string "cnn.com" into a Web browser, a user will reach the website of the famous news organization, CNN. *E.g.*, Network Solutions, Inc. v. Umbro Int'l Inc., 54 U.S.P.Q.2d (BNA) 1738, 1741 (Va. 2000).

<sup>137</sup> Cendali, *supra* note 17, at 492; *Umbro*, 54 U.S.P.Q.2d (BNA) at 1741 ("[A] company would obviously want to use its recognized name in the second level of its Internet domain name."); *Lockheed Martin Corp. v. Network Solutions, Inc.*, 985 F. Supp. 949, 952 (C.D. Cal. 1997), *aff'd*, 194 F.3d 980 (9th Cir. 1999); *Panavision Int'l, L.P. v. Toeppen*, 945 F. Supp. 1296, 1299 (C.D. Cal. 1996), *aff'd*, 141 F.3d 1316 (9th Cir. 1998) ("[B]usinesses frequently register their names and trademarks as domain names."). Using the analogy of a website being a virtual storefront, it is easy to see why a company that has made an investment to brand themselves or their products with trademarks would want to "hang a sign"—for example., the domain name—on their virtual storefront that utilized their trademark, and not some arbitrary term that does not have the trademark's goodwill, or name recognition.

<sup>138</sup> The fact that the domain name system requires any particular domain name to point to only one address necessarily means that only a single individual or organization can register for that domain name. *See supra* note 133 and accompanying text.

<sup>139</sup> Courts inherently assume that domain names can be considered a species of property, such that individuals can have trademark rights in them, by rendering judgments on trademark causes of action with respect to them. *See Brookfield Communications, Inc. v. W. Coast Entm't Corp.*, 174 F.3d 1036 (9th Cir. 1999); *see also* Anticyber-squatting Consumer Protection Act, 15 U.S.C. § 1125(d)(2)(A) (2000) (authorizing an *in rem* civil action against a domain name in the judicial district in which the domain name registrar is located); Berne, *supra* note 1, at 1169 (maintaining that domain names are property) (citing Carl Oppedahl, *Remedies in Domain Name Lawsuits: How Is a Domain Name Like a Cow?*, 15 J. MARSHALL J. COMPUTER & INFO. L. 437, 438 (1997)); USPTO Examination Guide, *supra* note 135 (indicating that domain names can be registered as trademarks). Whether a domain name can be considered property outside of the limited sphere of trademark disputes over domain names, however, is debatable. *See Umbro*, 54 U.S.P.Q.2d (BNA) at 1745 (refusing to sanction garnishment of a domain name in spite of the recognition that the court could order a transfer of the name). Since this note does not deal with actions other than trademark infringement claims, the larger theoretical questions of property as it exists in cyberspace are not discussed.

a first-come, first-served basis,<sup>141</sup> there are typically many unhappy parties who lose the race to register a particular domain name and who wish to get it back by claiming superior rights in the name. A common claim made by mark owners is that another party's use of the mark in a domain name is an infringement of the owner's exclusive right to use the mark in commerce.<sup>142</sup> The conflict between the reality of the domain name system and the established rules of trademark law is as follows: multiple users can have rights in a mark outside of the Internet, but only one user can register a domain name, and both trademarks and domain names may function to identify a source of goods or services.<sup>143</sup> The multiple owners of a mark who do not win the race to register a mark will be justifiably upset that they cannot utilize their mark, and the goodwill embodied in it, as the address to their website.

---

<sup>140</sup> See Albert, *supra* note 131, at 279 (noting that since conducting business over the Internet is relatively cheap and has the potential to reach a worldwide base of consumers, individuals and businesses alike have been "scrambling to take advantage of this new marketplace"); see also *supra* note 2.

<sup>141</sup> Johnson, *supra* note 2, at 469. Domain name registrars do little, if any, background investigation to make sure that an individual has any rights in a domain name. Springer, *supra* note 133, at 322.

<sup>142</sup> E.g., *Umbro*, 54 U.S.P.Q.2d (BNA) at 1741 n.9 ("Much of the litigation regarding domain names has focused on trademark infringements.").

<sup>143</sup> See *id.* at 1740 ("[D]omain names, addresses, and telephone numbers, unlike some trademarks, are unique.") (citing Adam Chase, *A Primer on Recent Domain Name Disputes*, 3 VA. J.L. & TECH. 3 (1998)); Johnson, *supra* note 2, at 469. The nature of the DNS magnifies this situation in that no stylization, punctuation (except hyphens), capitalization, nor spacing can be used to differentiate domain names, unlike trademarks generally. See, e.g., BADGLEY, *supra* note 28, § 1.02; *Interstellar Starship Servs., Ltd. v. Epix, Inc.*, 125 F. Supp. 2d 1269, 1273 (D. Or. 2001) (noting that domain names cannot be capitalized and therefore failing to recognize a distinction based on capitalization between defendant's capitalized mark "EPIX" and plaintiff's domain name "epix.com"). Therefore, for example, in seeking to register the coveted "[trademark].com" domain name, both the owners of the hypothetical marks, "Fred's Fish" and "FRED'S FISH!!!!" (stylized) would be forced to register the domain name "www.fredsfish.com" or "freds-fish.com" (or similar hyphenated variation). This point is clearly illustrated in *Data Concepts, Inc. v. Digital Consulting, Inc.*, 150 F.3d 620 (6th Cir. 1998). In that case, both parties provided computer consulting services and operated in remote markets prior to going online. *Id.* at 622–23. Data Concepts had used a stylized mark since 1982 consisting of the letters "d," "c," and "i," and registered the domain name "dci.com." *Id.* Digital used the mark "DCI" in commerce after 1982, but had the mark registered in 1987 (according to the author's search for the filing data in the United States Patent and Trademark Office's records at <http://www.uspto.gov>). Digital had to settle for "dciexpo.com" and sued for infringement. *Id.* at 624. That case shows that two otherwise non-infringing uses (stylized versus plain mark in geographically remote markets) can *become* infringing because of the domain name system and the Internet, which define a system that uses exclusively plain text, is exclusively global in reach, and where only a single party can have any particular alphanumeric string as their identifier.

### C. Domain Names as an Infringing Use of a Mark

A party's use of a domain name that contains a mark can be an infringing use of the mark,<sup>144</sup> such that the domain name holder ("holder") may be enjoined from using the domain name and ordered to transfer it to the mark owner.<sup>145</sup> The test for infringement is whether the use of the mark as a domain name would be likely to cause consumer confusion as to the source, sponsorship, connection, or affiliation of the goods or services associated with the mark.<sup>146</sup>

---

<sup>144</sup> See, e.g., MCCARTHY, *supra* note 7, § 25:76; *Brookfield Communications, Inc. v. W. Coast Entm't Corp.*, 174 F.3d 1036, 1044 (9th Cir. 1999) (basing liability of domain name holder on trademark infringement); *Data Concepts*, 150 F.3d at 627 (same).

<sup>145</sup> See, e.g., *Berne*, *supra* note 1, at 1213 (surveying domain name cases and concluding that courts have, in essence, created a new remedy under trademark law and the Lanham Act by transferring infringing parties' domain names to mark owners).

<sup>146</sup> See *supra* note 54; cf. *Chatam Int'l, Inc. v. Bodum, Inc.*, 157 F. Supp. 2d 549, 557 (E.D. Pa. 2001), *aff'd*, No. 01-3422, 2002 U.S. App. LEXIS 14567, (3d Cir. July 19, 2002) ("The question remains whether defendant's registration of Chambord, as a domain name . . . , creates a substantial likelihood of non-preexisting confusion."). Each circuit uses a slight variation of the same factors to determine whether there is a likelihood of confusion sufficient for a finding of infringement. The factors are:

1. The likelihood that the actor's goods, services or business will be mistaken for those of the other (i.e., relatedness of goods or services);
2. The likelihood that the other may expand his business so as to compete with the actor;
3. The extent to which the goods or services of the actor and those of the other have common purchasers or users;
4. The extent to which the goods or services of the actor and those of the other are marketed through the same channels;
5. The relation between the functions of the goods or services of the actor and those of the other;
6. The degree of distinctiveness of the trademark or tradename (i.e., strength of the mark);
7. The degree of attention usually given to trade symbols in the purchase of goods or services of the actor and those of the other;
8. The length of time during which the actor has used the designation;
9. The intent of the actor in adopting and using the designation.

MCCARTHY, *supra* note 7, § 23:19. In addition, a preliminary factor in any case is the similarity of the parties' marks. See, e.g., *Brookfield Communications, Inc., v. W. Coast Entm't*, 174 F.3d 1036, 1054 (9th Cir. 1999).

In the context of the Web, however, three of these factors assume primary importance: similarity of the marks, relatedness of the goods or services, and use of the Web as a marketing channel by both parties. *Interstellar Starship Servs., Ltd. v. Epix, Inc.*, 304 F.3d 936, 942 (9th Cir. 2002). Of course, the strength of the mark is material to a court in all cases to determine how much protection to accord a mark owner in general. See, e.g., *id.* at 943-45 (describing why the distinctiveness of a mark is material to an initial interest confusion analysis).

In analyzing trademark infringement via domain name disputes, it is helpful to classify the types of cases that have been litigated. Currently, primarily two types of domain name cases have arisen.<sup>147</sup> In the first type, it is clear that the

---

<sup>147</sup> Commentators have used different terminology to refer to classifications of domain name disputes. *See, e.g.*, Swartz, *supra* note 10, at 1494 (using the terms “grabbing cases” and “reverse hijacking cases”); Berne, *supra* note 1, at 1174 (using the classifications “intentional” and “unintentional” uses of marks in domain names). Some commentators use three classifications rather than two. *See, e.g.*, Nash, *supra* note 11, at 534–35 (using the classifications “grabbing,” “not quite grabbing,” and “innocent registration”); Johnson, *supra* note 2, at 476–82 (utilizing the classifications “cybersquatters/extortionists,” “free riders,” and “innocents”); Nathenson, *supra* note 127, at 925–29 (using the terms “squatters,” “parasites,” and “twins/poachers” to refer to cyber-squatters, competitors, and parties with colorable claims to the domain name, respectively). Nathenson utilizes the term “poachers” as a subclassification of the “twins” classification to indicate those mark owners who try to pre-empt an entire field of domain names that are merely similar to their mark—for example, those owners who attempt to overreach. *Id.* at 928–29. In any event, one category concerns those close cases regarding disputes between parties that each have a colorable claim to using the domain name that is similar to a mark, while the other category concerns those easier cases where one party has no such colorable claim. *See* Cendali, *supra* note 17, at 496–97 (dividing cases into “competing rights cases” and “easier cases”). Examples of domain name holders who have colorable claims to a domain name that is similar to another party’s mark include: concurrent users of a mark, innocent junior users, and holders who may be exercising personal rights to use the mark—for example, First Amendment rights. Examples of innocent junior users are those parties who register a domain name that is a variation of their marks, but which are also confusingly similar to another’s mark. *See, e.g.*, *Brookfield Communications, Inc. v. W. Coast Entm’t Corp.*, 174 F.3d 1036 (9th Cir. 1999) (preliminarily enjoining West Coast’s use of “moviebuff.com” as infringing the senior party’s “Moviebuff” mark despite the fact that West Coast’s use was a shortened version of its mark “The Movie Buff’s Movie Store”); *Hasbro, Inc. v. Clue Computing, Inc.*, 66 F. Supp. 2d 117 (D. Mass. 1999), *aff’d*, 232 F.3d 1 (1st Cir. 2000) (refusing preliminary injunction against Clue Computing’s use of “clue.com”). Typically, the other, easier cases involve one party’s registering a domain name that contains or is identical to the other’s trademark for the purpose of profiting from the other’s goodwill. In the classic cyber-squatting cases, the party with the domain name makes no use of the name itself, but merely holds the mark for ransom by offering to sell it to the mark owner. *Panavision Int’l, L.P. v. Toeppen*, 141 F.3d 1316 (9th Cir. 1998) (transferring domain name from the domain name holder to the trademark owner when the holder’s website displayed pictures of Pana, Illinois at his website located at “panavision.com” and the holder offered to sell the domain name to the owner). Other such cases arise when the holder hopes to commercialize from the use of the mark in connection with his website. In one situation, the holder is a direct competitor who uses the owner’s mark in his domain name to lure the owner’s customers to his website to buy what they think are the owner’s products or services. *See, e.g.*, *Playboy Enters. v. Calvin Designer Label*, 985 F. Supp. 1220, 1222 (N.D. Cal. 1997) (enjoining a competitor’s use of the owner’s marks in its domain names “playboyxxx.com” and “playmatelive.com”). This is the classic “palming off” situation from trademark law. In another situation, a holder hopes to indirectly profit from the owner’s goodwill by simply luring unwitting consumers to his website and hoping that although they initially did not intend to purchase his goods, they decide to do so once they visit the site. This is the classic bait-and-switch scenario from trademark law. *See, e.g.*, *Green Prods. Co. v. Independence Corn By-Products Co.*, 992 F. Supp. 1070, 1076 (N.D.

domain name holder is trying to profit from, or trade off of, the mark owner's goodwill because the holder has no colorable claim or reason to use a domain name that is similar to the mark.<sup>148</sup> In the second type, the holder does have a colorable claim to use a domain name that is similar to the mark.<sup>149</sup> This note is necessarily only concerned with the latter, since a party who has geographic concurrent use rights in a mark clearly has a colorable claim to using that mark in a domain name.<sup>150</sup>

Courts confronted with the first type of case will invariably find the mark to be infringed when the domain name is similar to the mark, since the lack of a colorable claim or reason to use the mark evidences an intent to profit from it, and the intent of the holder in using the domain name is a factor in an infringement analysis.<sup>151</sup> Courts presented with the second type of case are presented with a closer question, and the judiciary has yet to craft an adequate theory that reconciles trademark law with the Internet regarding the concurrent use problem. A disturbing trend is emerging, though: when both parties have a colorable connection to a mark, courts have tended not to find the use of the mark in a

---

Iowa 1997') (describing a competitor's use of an owner's name as its domain name as a bait-and-switch tactic). In many cases, the defendant is simply a junior user who adopted the mark on competitive goods or services with knowledge (actual or constructive) of plaintiff's superior rights in the mark, and the court rightly enjoins such a wrongful junior user. *See, e.g., Lozano Enters. vs. La Opinion Publ'g Co.*, 44 U.S.P.Q.2d (BNA) 1765, 1768 (C.D. Cal. 1997) (enjoining defendant from using "laopinion.com" for his newspaper's website in part because the defendant chose the name for his newspaper with knowledge of plaintiff's famous newspaper "La Opinion," which was federally registered and in use for over seventy years); *Pub. Serv. Co. of N.M. v. Nexus Energy Software, Inc.*, 36 F. Supp. 2d 436, 439 (D. Mass. 1999) (preliminarily enjoining junior user from using the domain name "energyplace.com," since it conflicts with the senior user's federally registered mark, "Energy Place," on its competing services).

<sup>148</sup> *See supra* note 147 (citing examples).

<sup>149</sup> *Id.*

<sup>150</sup> Also, it should be noted that this note is necessarily only concerned with trademark *infringement* causes of action, 15 U.S.C. §§ 1114, 1125(a) (2000), as opposed to trademark *dilution* claims, 15 U.S.C. § 1125(c) (2000), since the latter assumes that the mark was already famous upon the junior user's first use of the mark. Given that this note assumes the junior party has vested rights in the mark based on his remote market, a mark's status as being famous upon the junior user's first use would presumably preclude a junior user from claiming that his first use of the mark was in a remote market, and therefore he would have no vested rights in the mark. *See supra* note 63 and accompanying text.

<sup>151</sup> The intent of the actor in adopting the name is factored into an infringement analysis because an actor's intent to profit from the mark evidences a likelihood of consumer confusion. *See Fuji Photo Film Co., Inc. v. Shinohara Shoji Kabushiki Kaisha*, 754 F.2d 591, 596 (5th Cir. 1985) ("Bad faith [intent to confuse consumers] may, without more, prove infringement."); *cf. Trade Media Holdings Ltd. v. Huang & Assocs.*, 123 F. Supp. 2d 233, 240 (D.N.J. 2000) ("Cases where a defendant uses an identical mark on competitive goods . . . are 'open and shut' and do not involve protracted litigation to determine liability for trademark infringement.") (quoting 2 J. MCCARTHY, TRADEMARKS AND UNFAIR COMPETITION § 23:3 (2d ed. 1984)).

domain name to be an infringing use, and have therefore refused to enjoin the alleged infringer.<sup>152</sup> This trend thereby permits confusing concurrent uses of marks via the Internet.

Several infringement analysis factors have played an important role in this raising of the infringement bar for domain name disputes where both parties have colorable claims to the mark. The “relatedness of goods”<sup>153</sup> factor in some cases has proven to be remarkably narrow for some courts, precluding infringement judgments. For example, the Sixth Circuit has found database software sales and database management services to be sufficiently non-related to prevent infringement.<sup>154</sup>

Another factor that has been prominent has been the “consumer sophistication” factor. When both parties have equitable claims to a domain

---

<sup>152</sup> See Cendali, *supra* note 17, at 497 (noting the lower tendency of infringement in cases where the parties are in marginally different industries); cf. Swartz, *supra* note 11, at 1499–500 (noting the desirability of a higher bar for infringement in related goods cases in order to prevent “reverse hijacking,” or a mark owner preempting too much of the domain name field by vigorously pursuing domain name registrants who may have colorable claims to the name); Albert, *supra* note 131, at 291 (suggesting that a likelihood of consumer confusion should not be the touchstone of trademark infringement in domain name disputes).

<sup>153</sup> The relatedness of goods marketed by the parties using the marks at issue is one factor in an infringement analysis. See *supra* note 146. Since modern trademark infringement encompasses different types of confusion—that is, confusion as to source, sponsorship, affiliation, or connection with the mark owner—the relatedness of goods required to find infringement has traditionally been a low threshold. The standard is whether the mark is used on any product or service that would reasonably be thought by the buying public to “come from the same source, or thought to be affiliated with, connected with, or sponsored by, the trademark owner.” MCCARTHY, *supra* note 7, § 24:6. Hence, a wide variety of non-competing but somewhat related goods have been held by courts to present a sufficient risk of consumer confusion to the mark owner to warrant a finding of infringement. See *id.* § 24:7 (noting cases linking television sets to magazines, magazines to clothing and trucking services, and locks to flashlights).

<sup>154</sup> Data Concepts, Inc. v. Digital Consulting, Inc., 150 F.3d 620, 625 (6th Cir. 1998) (refusing to accept district court’s summary judgment finding of relatedness of the parties’ services when the parties were engaged in data management software sales and database management and software productivity training, respectively); see also TeleTech Customer Care Mgmt. (Cal.), Inc. v. Tele-Tech Co., 977 F. Supp. 1407, 1414 (C.D. Cal. 1997) (refusing to find a likelihood of confusion when both parties provided telecommunication services); cf. Interstellar Starship Servs., Ltd. v. Epix, Inc., 983 F. Supp. 1331, 1336–37 (D. Or. 1997) (granting summary judgment of non-infringement to a digital imaging services company over the claims of a digital imaging hardware company on the somewhat dubious grounds that, *inter alia*, evidence was lacking whether defendant actually advertised its commercial services on its website), *rev’d and remanded*, 184 F.3d 1107 (9th Cir. 1999) (pointing out the evidence in the record), *subsequent decision*, 125 F. Supp. 2d 1276 (D. Or. 2001) (finding that the alleged infringer did offer services similar to those offered by the mark owner, but that the “primary products associated with the [alleged infringer’s] website . . . are not related to any product or services offered” by the mark owner), *aff’d*, 304 F.3d 936 (9th Cir. 2002).

name, courts have mentioned that websurfing consumers are unlikely to be confused because they are sophisticated consumers.<sup>155</sup>

An important concept with respect to this raising of the infringement bar in domain name cases pertains to the “initial interest confusion” standard of infringement. Traditional infringement analysis concerns consumer confusion at the time of the sale.<sup>156</sup> That is, the harm to be remedied has traditionally been a consumer purchase based in part on a confusing use of a mark. Initial interest confusion, on the other hand, concerns only pre-sale consumer confusion.<sup>157</sup> The harm to be avoided involves confusion that initially draws a consumer’s attention to the goods, even though the consumer ceases to be confused at the time of purchase.<sup>158</sup>

---

<sup>155</sup> See, e.g., *Hasbro, Inc. v. Clue Computing, Inc.*, 66 F. Supp. 2d 117, 123 (D. Mass. 1999); *Alta Vista Corp., Ltd. v. Digital Equip. Corp.*, 44 F. Supp. 2d 72, 78 (D. Mass. 1998). As with the other infringement factors, courts will arguably determine which way the specific factor cuts depending on how it views the overall case. Thus, as noted, when both parties have colorable claims to the mark, computer users are sophisticated, such that no confusion is likely. However, when the defendant has no plausible excuse for choosing the domain name at issue, other than to capitalize from the other’s goodwill, courts will not find computer users to be sophisticated, such that they are capable of being confused by the domain names. See, e.g., *Jews for Jesus v. Brodsky*, 993 F. Supp. 282, 303 (D.N.J.), *aff’d*, 159 F.3d 1351 (3d Cir. 1998) (observing that “many Internet users are not sophisticated enough to distinguish between the subtle difference in the domain names of the parties”). A better analysis using this factor would simply ignore the fact that the Internet is used to market the products and simply tie this factor to the products being offered on the Internet, rather than simply letting the Internet context itself be informative (i.e., it would not assume that a websurfer is necessarily sophisticated). See, e.g., Fiona Harvey, *Lessons From an Indian Village*, FIN. TIMES (London), July 13, 2001, at 12 (noting the relative ease with which Indian children have been able to learn websurfing despite the fact that many of the children could not read or write). That is, courts should simply use the traditional indicia to determine whether the relevant purchasers are sophisticated. See *Interstellar Starship Servs.*, 184 F.3d at 1111 (looking only at the background of the customers and the price of the products); cf., e.g., *Checkpoint Sys., Inc. v. Check Point Software Techs., Inc.*, 104 F. Supp. 2d 427, 460 (D.N.J. 2000) (determining that the relevant purchasers are sophisticated by looking at the high prices of the products and services and the careful purchasing process utilized by the purchasers before accepting the products or services).

<sup>156</sup> See, e.g., MCCARTHY, *supra* note 7, § 23:5.

<sup>157</sup> See, e.g., *Chatam Int’l, Inc. v. Bodum, Inc.*, 157 F. Supp. 2d 549, 557 (E.D. Pa. 2001), *aff’d*, 2002 U.S. App. LEXIS 14567 (“[P]re-sale confusion, involving initial interest, has also been recognized.”).

<sup>158</sup> See, e.g., MCCARTHY, *supra* note 7, § 23:6 (“Infringement can be based upon confusion that creates initial consumer interest, even though no actual sale is finally completed as a result of the confusion.”); *Brookfield Communications, Inc. v. W. Coast Entm’t Corp.*, 174 F.3d 1036, 1062–66 (9th Cir. 1999) (noting that the parties’ services are identical, and that consumers, even though they may not be confused as to the source of the services once they see the content of the defendant’s site, nevertheless may decide to use the defendant’s services); *Chatam*, 157 F. Supp. 2d at 557–58.



Initial interest confusion has assumed importance in domain name cases<sup>159</sup> because it is particularly suited to capture the predominant harm involved in Web-based infringement—pre-sale confusion. Websurfing consumers, although initially confused based on a disputed domain name, commonly learn upon viewing the website in question that the mark owner is not in fact the source or sponsor of the goods or services offered on the website, nor is he affiliated or connected with the goods or services. That is, the consumer's initial confusion upon accessing the site—confusion based upon the domain name that incorporates the plaintiff's mark—is clarified upon viewing the site.<sup>160</sup> When both parties have colorable claims to the mark, courts have generally held that this type of confusion is not harmful enough to constitute infringement.<sup>161</sup> The rationale in most cases is that the goods or services are not sufficiently related such that consumers are unlikely to purchase goods or services from the website operator in lieu of those from the party claiming infringement (i.e., the probability of harm is not great enough to warrant a finding of infringement).<sup>162</sup> In other

---

<sup>159</sup> Cf. *Chatam*, 157 F. Supp. 2d at 557 (noting that “[i]nitial interest confusion . . . is the gravamen of this case and of the broader problems presented by the exclusivity of domain names”).

<sup>160</sup> The consumer's confusion can be clarified upon visiting the site by viewing, for instance, the goods or services on the site if they are sufficiently unrelated, or by viewing other site content, such as disclaimers or similar text.

<sup>161</sup> At least one court has commented that initial interest confusion is per se not able to support an infringement claim. See *TeleTech Customer Care Mgmt. (Cal.), Inc. v. Tele-Tech Co.*, 977 F. Supp. 1407, 1414 (C.D. Cal. 1997) (“This brief confusion is *not cognizable* under the trademark laws.”) (emphasis added); cf. *Interstellar Starship Servs. v. Epix Corp.*, 125 F. Supp. 2d 1269, 1279 (D. Or. 2001) (citing *Brookfield Communications*, 174 F.3d at 1063, for the proposition that bad faith is required for a prima facie case of initial interest confusion infringement via domain names). Typically, though, courts have not barred initial interest confusion per se, but rather limit its scope by, *inter alia*, coupling it with a relatedness of goods factor that is construed narrowly in these types of cases. See *infra* note 162; see also *supra* notes 149–50. Cases that do not narrowly construe initial interest confusion typically involve bad faith or are otherwise “easy” cases mentioned above. See *supra* note 139; *Green Prods. Co. v. Independence Corn By-Products Co.*, 992 F. Supp. 1070, 1078 (N.D. Iowa 1997) (recognizing initial interest confusion to find infringement when the defendant used the plaintiff's mark as a domain name to market its competing products).

It should be noted that there may also be a misappropriation harm involved in these domain name cases regardless of whether the goods or services are similar, since merely maximizing the number of visitors to a website has economic value. See *Cendali*, *supra* note 19, at 500 (asserting that even when both parties have colorable claims in a mark, initial interest confusion should be enough to support infringement “in light of the recognized commercial importance of attracting as many people as possible to a site”); *id.* at 503 (noting that “many sites tie their advertising rates to their ability to attract page views”).

<sup>162</sup> See, e.g., *Interstellar Starship Servs., Ltd. v. Epix, Inc.*, 304 F.3d 936, 942–44 (9th Cir. 2002) (noting that the relatedness of goods factor is one of the “controlling troika” of factors in Internet cases and illustrating its importance with several hypotheticals); *Chatam Int'l, Inc. v. Bodum, Inc.*, 157 F. Supp. 2d 549, 558 (E.D. Pa. 2001) (“Where companies are non-

words, in the absence of bad faith, as when the website operator has a colorable claim to the domain name containing the mark, the question is really one of scope. Currently, it appears that courts will find initial interest confusion if the parties' goods or services are closely related or identical.<sup>163</sup> How far courts are willing to extend initial interest confusion beyond identical goods or services is still an open question.<sup>164</sup>

In the context of the geographic concurrent use doctrine, this author advocates that courts will recognize initial interest confusion. The expectation is that courts will recognize initial interest confusion since by definition these cases involve confusingly similar goods or services. It is further hoped that courts will recognize the geographic concurrent use doctrine to be applicable to the Web in light of the remedies described below.<sup>165</sup> As a general matter, the author argues that courts will broadly construe the scope of initial interest confusion so that greater regulation of domain names results. For instance, if a mark is sufficiently strong, the relatedness of goods or services offered by the parties should theoretically be very attenuated to support an infringement claim, and a court could simply seek to remedy a consumer's inability to find the complainant's

---

competitors, initial-interest confusion [is of lesser importance than when parties are competitors] because there is no substituted product to buy from the junior user, and the senior user does not bear the prospect of harm.") (internal citations omitted); *id.* ("Dissimilarity of goods and services resolves the initial interest confusion question.") (quoting *Network Network v. CBS, Inc.*, No. CV 98-1349 NM (ANx), 2000 U.S. Dist. LEXIS 4751, \*29 (C.D. Cal. Jan. 19, 2000)); *cf. Brookfield Communications*, 174 F.3d at 1064 n.4 (illustrating initial interest confusion by using a hypothetical involving competing parties marketing identical goods and services).

Of course, the strength of the mark is material in deciding how much protection to accord a mark (i.e., in deciding how similar the goods or services need to be to be considered infringing). See *Interstellar Starship*, 304 F.3d at 943-44. A famous and fanciful mark may warrant protection via initial interest confusion even if the other party's goods or services are in no way related to those of the complainant. *Id.* at 944.

<sup>163</sup> See, e.g., *id.* at 1282 (enjoining plaintiff from using his website to market imaging services since such use infringed defendant's rights in the "EPIX" mark, under which it marketed imaging hardware and services), *aff'd*, 304 F.3d at 948; *Brookfield Communications*, 174 F.3d at 1042, (finding initial interest confusion when the parties' goods were closely related).

<sup>164</sup> See, e.g., *Chatam*, 157 F. Supp. 2d at 559 (finding no initial interest confusion based on dissimilarity between liqueur and coffeemakers), *aff'd*, 2002 U.S. App. LEXIS 14567; *Hasbro, Inc. v. Clue Computing, Inc.*, 66 F. Supp. 2d 117, 123 (D. Mass. 1999) (refusing to recognize initial interest confusion when the parties were marketing board games and computing services, respectively); *Network Network*, 2000 U.S. Dist. LEXIS 4751, at \*30 (refusing to find initial interest confusion based on dissimilarity between computer consulting services and cable television).

<sup>165</sup> See *infra* Part IV.

website at “[trademark.com],” especially in light of search engine inefficiencies.<sup>166</sup>

#### IV. PROPOSED REMEDIES TO PERMIT CONCURRENT USE OF MARKS ON THE INTERNET

Based on the discussion above, the issue with permitting concurrent use of a mark on the Internet—in particular, geographic concurrent use—reduces to an issue of remedy. Outside the context of the Internet, courts prevent consumer confusion when similar marks are used on similar goods primarily by enjoining the parties from using their mark in each other’s market area. In the context of the Internet, courts can still enjoin parties from actually making sales in another’s market area using the disputed mark.<sup>167</sup> However, courts necessarily cannot enjoin the parties from marketing via the Internet in the other’s market area because the geographic reach of a website cannot be delimited.

Aside from issuing an injunction preventing a party from using the mark on the Internet altogether, which courts have been reluctant to impose upon any party with a colorable claim in a mark, such as the typical geographic concurrent user, courts need options to prevent consumer confusion in the face of multiple websites containing confusingly similar marks on related goods. The proposals for preventing such consumer confusion outlined below are purposefully easy for courts to implement, such that courts can and should utilize them in the now-common Internet disputes involving trademarks. In this way, more remedy options permit the courts to begin to make finer distinctions and develop better

---

<sup>166</sup> See *infra* notes 184–93 (describing search engine inefficiency).

<sup>167</sup> Defining a mark owner’s market area in relation to use on the Internet presents an issue of non-contiguous expansion. That is, one’s market area may consist of several geographically dispersed areas. Because of the possibility of a highly fractionated market area, there may be a point in any given case where defining a party’s market area and communicating that area to consumers, through disclaimers and the like, may present more hardship and confusion than it prevents. In such a situation, it may be warranted to define market area on a state-by-state basis, rather than smaller units of actual goodwill. See discussion *supra* Part II.C.1.a–b regarding how courts determine market area. Justice Holmes’ concurrence in *Hanover* maintained that state boundaries might define minimum trading area for intrastate trade of a party. *Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 426 (1916) (Holmes, J. concurring) (saying that “if it is good in one part of the State it is good in all”). A majority of courts reject state boundaries as legally significant in defining trade areas. MCCARTHY, *supra* note 7, §26:28. However, in practice many courts do evaluate trade area on a state-by-state basis, due in part to necessity. *Wrist-Rocket Mfg. Co. v. Saunders Archery Co.*, 578 F.2d 727, 732 (8th Cir. 1978) (noting that the nature of the product and associated channels of distribution permit state-by-state analysis); Gross, *supra* note 66, at 1089 n.82 (citing *Natural Footwear Ltd. v. Hart, Schaffner & Marx*, 760 F.2d 1383, 1398 n.34 (3d Cir. 1985) (noting that the sales evidence was categorized on a state-by-state basis)).

rules, instead of pigeon-holing a given case as either one where an injunction is warranted, or one where it is not.<sup>168</sup>

### A. Disclaimers

Outside of the Internet context, courts have accorded disclaimers little credit in saving an otherwise infringing use of a mark.<sup>169</sup> With respect to the Internet, courts have not found disclaimers to be persuasive one way or the other, but have simply collaterally recognized their effectiveness or ineffectiveness when deciding a case based upon other principles. For example, in cases where a party has no colorable claim to using another's mark on his website, courts have taken little cognizance of disclaimers used to prevent confusion, but instead have recognized initial interest confusion as a harm to be prevented.<sup>170</sup> However, when the allegedly infringing user of the mark does have a colorable claim to the mark, and courts do not wish to impose the harsh result of completely barring that party from using the mark on the Internet, courts have simply held there to be no

---

<sup>168</sup> Indeed, some courts are explicitly asking lawmakers to help them out by regulating the Web to a greater degree. See *Chatam*, 157 F. Supp. 2d at 559 (asserting that "more regulatory protection may well be advisable" after concluding that domain names are essentially subject to a "first in time" rule—that is, the first person to register the name has superior rights in it). The common law, however, is more than capable of handling Web disputes.

<sup>169</sup> See MCCARTHY, *supra* note 7, § 23:51 (noting that many courts have held that a disclaimer does not serve to cure an otherwise clear case of likely confusion, that consumer studies indicate that disclaimers are ineffective in curing customer confusion over similar marks, and that, "[c]learly, use of a relatively inconspicuous disclaimer will not prevent likely confusion"). But see *id.* § 13:11 (noting that when a party is allowed to use his name, pursuant to a fair use defense, in relation to marketing his goods or services, even though it is a confusing concurrent use of the mark, courts will sometimes require a disclaimer to alleviate consumer confusion); *Consumers Union of U.S. v. Gen. Signal Corp.*, 724 F.2d 1044, 1053 (2d Cir. 1983) (calling disclaimers "a favored way of alleviating consumer confusion").

<sup>170</sup> In these cases, courts note that even though the content of a website, including disclaimers, will alert the consumer of the party's identity prior to the consumer's purchases, thereby precluding true confusion as to the source of the goods or services, nevertheless the initial confusion a consumer has in arriving at the website, and possibly the subconscious mistaken affiliation of the parties in the consumer's mind, is legally cognizable. See *supra* notes 152–58 and accompanying text (discussing initial interest confusion); see also, e.g., *Playboy Enters. v. Calvin Designer Label*, 985 F. Supp. 1220, 1222 (N.D. Cal. 1997); *Green Prods. Co. v. Independence Corn By-Products Co.*, 992 F. Supp. 1070, 1076 (N.D. Iowa 1997); *Toys "R" Us, Inc. v. Abir*, 45 U.S.P.Q.2d (BNA) 1944, 1948 (S.D.N.Y. 1997) (disclaimer posted on the Defendant's website "toysareus.com" not sufficient to cure initial interest confusion); *Planned Parenthood Fed'n of Am., Inc. v. Bucci*, 42 U.S.P.Q.2d (BNA) 1430, 1441 (S.D.N.Y. 1997) (noting that disclaimers are ineffective in curing initial interest confusion because consumers would still waste time and energy accessing defendant's site when they were intending to access plaintiff's site).

infringement, unwilling to even require a party to list a disclaimer on his website.<sup>171</sup>

This latter type of case is troubling in that courts are seemingly willing to permit related goods or services to be marketed via the Internet by multiple parties using confusingly similar marks without even requiring disclaimers. This behavior can be explained on the assumption that courts truly view disclaimers as being ineffectual in deterring consumer confusion, or that the point is moot in light of the initial interest confusion question.<sup>172</sup> However, the better view is to find infringement in cases where the products are sufficiently related and the marks are confusingly similar, irrespective of the Internet context, and use disclaimers in conjunction with further remedial tools that increase the effectiveness of the disclaimers—such as linking (directly or informally) or geographic-specific TLDs, described below.<sup>173</sup> If the infringement occurs solely

---

<sup>171</sup> See *supra* notes 153–55 (discussing the trend of courts to raise the infringement bar in situations where both parties have a claim to the mark). But see *Nissan Motor Co. v. Nissan Computer Corp.*, 89 F. Supp. 2d 1154, 1165 (C.D. Cal. 2000) (enjoining defendant from infringing use of the website (e.g., advertising automotive products) and requiring the defendant to post a disclaimer on the site that includes a notice of the plaintiff's domain name), *aff'd*, 246 F.3d 675 (9th Cir. 2000); *Interstellar Starship Servs. v. Epix, Inc.*, 125 F. Supp. 2d 1269, 1282 (D. Or. 2001) (enjoining domain name holder from infringing uses of the website, from using a gray background on the site, and ordering the holder to place a disclaimer on the site if the holder uses the name "epix.com" on the site), *aff'd*, 304 F.3d 936, 949 (9th Cir. 2002).

This note is concerned with encouraging exactly the types of remedies ordered in *Nissan*, 89 F. Supp. 2d at 1165, and *Interstellar Starship*, 125 F. Supp. 2d at 1282. In the geographic concurrent use situation, where the goods or services are related, equity may even require a court to place links to both parties' sites on a blank page located at the domain name in dispute in the interest of avoiding consumer confusion. See *infra* Part IV.B.

<sup>172</sup> That is, in light of the fact that the website's content, possibly including disclaimers, will likely alert the consumer as to the actual source of the goods or services prior to purchasing, courts may simply view the issue as being one of deciding whether the harm in initially being confused and arriving at the website is sufficient to find infringement. See *Chatam*, 157 F. Supp. 2d at 559.

<sup>173</sup> See *infra* Part IV.B–D. In other words, the author hopes that when courts explore more Internet-specific remedies they will more easily find infringement. First, initial interest confusion should unquestionably be recognized in light of the real harms involved, including unconscious consumer affiliation between the parties and substitution of the parties' goods or services. The harm increases as the parties' goods or services become more closely related. That is, the consumer is more likely to purchase from a party upon visiting its website, despite realizing that party to be different from the original party the consumer had intended to reach, as the goods or services offered by the parties become more related because: (1) the risk of wrongly affiliating the parties grows; and (2) the marginal gain for the consumer in seeking out the original party diminishes. See *infra* Part IV.C.1 (describing search engine efficiency). Second, the author hopes that initial interest confusion (and traditional consumer confusion) is broadly found in domain name cases in order to achieve more regulation of the Internet, and ultimately to permit more concurrent use of domain names involving marks.

as a result of the Internet usage,<sup>174</sup> the remedy should be limited to an Internet-specific remedy. If the infringement occurs regardless of the Internet medium—as in a geographic concurrent use case (in which the goods or services are related)—the parties should be enjoined from selling into the other's market area, via the Internet or otherwise, which injunction should be communicated to consumers via disclaimers.<sup>175</sup>

Enjoining the parties from selling into each other's market coupled with a disclaimer listed on the parties' websites is a simple and effective remedy. In essence, a court would determine the parties' market areas as it normally would,<sup>176</sup> using factors such as number and volume of sales and reputation evidence—including sales and marketing via the Internet—and enjoin the parties from selling into each other's area by any means. In cases not involving the Internet, this entails enjoining not only a party's sales to the other's area, but also a party's advertising in the other's area. However, because parties' websites cannot be blocked from each other's areas, in cases involving Internet advertising, the parties should rather be ordered to place a disclaimer on their respective websites stating the areas where they cannot make sales.<sup>177</sup>

---

<sup>174</sup> See *supra* note 143. In this instance, the initial interest confusion harm might only include consumer frustration, inconvenience, and the misappropriation of website hits garnered as a result of the use of the mark.

<sup>175</sup> For instance, a disclaimer might read: "[Mark owner] is not able to make sales in states X, Y, and Z." Currently, there has been little consideration of the threshold question whether the Internet is itself an undivided market, or space, or whether it is merely another marketing channel, such that sales and advertisements made in one area via the Internet would be no different from sales and advertisements made in the same area via the mail or otherwise with respect to establishing one's market area. See Berlandi, *supra* note 95, at 124 (noting that marks should be treated the same on the Internet as elsewhere—that a party should only have superior rights in a mark on the Internet in areas that the party has used the mark); *Chatam*, 157 F. Supp. 2d at 556 (noting that whether the Internet is viewed as a "single universe of trade or advertising media," or as a simple "overlay on the global marketplace without materially affecting its existing divisions," is a material question in deciding whether there has been an infringement). This note presupposes that the Internet is merely another marketing channel, capable of being geographically apportioned to concurrent users by the remedies described herein. The alternate view—that the Internet is itself an indivisible space—is merely another way of stating that only one party may use a mark on the Internet, with all others to be enjoined. Of course, otherwise non-infringing marks can become infringing merely by using the Internet marketing channel. See *supra* note 146 (describing this concept). In such a situation the remedy should only address the Internet usage of the parties, as noted *supra* note 171.

<sup>176</sup> See *supra* Part II.C.1.a–b.

<sup>177</sup> Courts may need to consider awarding market area on a state-by-state basis with respect to Internet sales in order to help the disclaimer clearly communicate the area where a party cannot sell his goods or services. See *supra* note 167 (discussing this proposal). Such an approach to awarding market area could be considered a variation of the natural expansion doctrine outlined above, because the parties would be awarded superior rights in some parts of states where they have not sold or advertised. See *supra* Part II.C.1.b.

Such an approach helps eliminate a consumer's possible source confusion: if a party cannot make sales to the consumer's area as described in a disclaimer, then the party must not be the source of the goods or services for which the consumer was searching. The disclaimer requirement could be broader than simply listing the party's market area in that a court could further require a party to reference the other party as being the mark owner in the disclaimed market areas so that consumers would know to look for the other party using the mark. Moreover, courts could require a prominent statement disclaiming affiliation between the parties to minimize such confusion in consumers' minds. Also, courts could prohibit each party from placing a link on his website to other websites owned by him in order to prevent channeling business to an entity owned by the enjoined party.<sup>178</sup>

A more direct alternative to merely referencing the other party's website pursuant to a disclaimer requirement would be to require an actual link to that party's website to be listed on the disclaiming party's website, as subsequently described.

### B. Linking

An Internet link, also known as a hyperlink or hypertext link, is an active button or text on web pages that, when clicked with a mouse, immediately takes the user to some other web page.<sup>179</sup> A user usually "surfs the Web" by moving from website to website via these links.<sup>180</sup>

These links can be a powerful judicial tool to remedy consumer confusion in geographic concurrent use situations. For instance, a court could order concurrent users to place links on their respective websites pointing to the other party's website. This link would undoubtedly need to be accompanied by a description or disclaimer explaining the other party's interest (e.g., describing the other party's market or expressly disclaiming the other party's market).

Another remedy option for a court would be to order the concurrent users to place links pointing to their websites on a single website located at the domain name in dispute and order them further to provide a description next to their links to provide a websurfer with information regarding the identity and market area of

---

<sup>178</sup> In essence, this would require the concurrent user to set up a separate website to market his goods under a different brand name in the other concurrent user's market area. This situation is no different from when a concurrent user faces an injunction outside of the Internet context: whether to market in the other's area under another brand name. In fact, it is less burdensome with respect to the Internet, since running a website is relatively easy and inexpensive.

<sup>179</sup> See MCCARTHY, *supra* note 7, § 25:70 (citing *Cybersell, Inc. v. Cybersell, Inc.*, 130 F.3d 414, 414 n.2 (9th Cir. 1997)).

<sup>180</sup> MCCARTHY, *supra* note 7, § 25:70.

the concurrent user.<sup>181</sup> Such an order would impose very little burden on the parties and greatly reduce consumer confusion.<sup>182</sup>

As an example, consider a situation where two parties each sell shrimp in their respective local, remote market areas under the mark "JOE'S SHRIMP PALACE." One or both subsequently decide to operate a website, but only one is able to register "joesshrimppalace.com." Depending on the equities of the

---

<sup>181</sup> This proposal has been alluded to by several commentators. See Albert, *supra* note 131, at 310; Jennifer R. Dupre, *A Solution to the Problem? Trademark Infringement and Dilution by Domain Names: Bringing the Cyberworld in Line with the "Real" World*, 87 TRADEMARK REP. 613, 628–29 (1997); Nathenson, *supra* note 127, at 986. These proposals all essentially suggest that the domain name registrars or ICANN adopt a policy whereby a master list of links is returned to a websurfer who inputs the name "[trademark].com" into a Web browser. Dupre's proposal would entitle any federal registrant of the mark to a place on the list, as well as persons wishing to use their surnames as domain names. Dupre, *supra*, at 628–29. Both Albert's and Nathenson's proposals would apparently let anyone have a place on the master list of a given domain name. See Albert, *supra* note 131, at 310; Nathenson, *supra* note 127, at 986.

These proposals suffer from the problem that a private body—ICANN—would quickly become enveloped in litigation by the multiple concurrent users. Furthermore, the lists themselves might become too crowded and confusing. This is apparent when one considers that merely entitling federal registrants to a place on the lists would probably be too extreme—the same marks can potentially be federally registered by many parties based on differences in goods or services alone. Cf. *Hasbro, Inc. v. Clue Computing, Inc.*, 66 F. Supp. 2d 117, 131 (D. Mass. 1999) (noting that a number of different parties had registered marks including the term "Clue"); 37 C.F.R. § 6.1 (2003) (listing forty-five distinct registration classifications for goods or services). In contrast, having courts determine which concurrent users are entitled to place their links on such a page would be a more efficient method to allocate rights in domain names that include a mark. See *Chatam Int'l, Inc. v. Bodum Inc.*, 157 F. Supp. 2d 549, 554 (E.D. Pa. 2001) (suggesting that parties should negotiate to share a domain name); Cendali, *supra* note 17, at 522 (same).

<sup>182</sup> Ordering parties to provide links on a blank website located at the domain name in dispute may entail requiring the owner of the domain name in dispute to obtain a new domain name. However, since a party can register a domain name for approximately \$30 per year, this should not be a real issue, and the parties can arguably be required to split the fees. See, e.g., Verisign Home Page, at <http://www.verisign.com> (last visited Jan. 20, 2003) (returning a list price of \$25 per year for three years to register the domain name "esharky.com"). Also, such an order would entail having one of the parties manage the blank site, which might entail search engine optimization practices to make the blank website more appealing to search engines. See *infra* Part IV.C.2. As both parties will generally have an incentive to optimize their sites, including the blank site because it is listed under a domain name that incorporates the mark in question, this should not be an issue, and the court should merely place the burden of managing the site on the most capable party. However, the court could condition the management of the site on a party's good-faith efforts. If that party subsequently lost interest, the management of the site could revert to the other party, who would presumably care enough about managing the site to bring a court action to enforce the order.



situation and a determination that the parties are proper concurrent users,<sup>183</sup> a court may decide that the best remedy would be to order the parties to place links to their websites on a single blank web page, located at “joesshrimppalace.com,” and to provide a disclaimer explaining where they are entitled to sell their shrimp.

This would necessarily mean that the party who owned that domain name must subsequently register for a second domain name to operate his website pursuant to the court’s order. However, the result is very satisfying from a concurrent use standpoint in that customer confusion would be virtually negated with respect to the disputed domain name.

To illustrate the negation of consumer confusion, it should be emphasized that any websurfer who intended to locate either party could either enter the typical “[trademark].com” formulation for the address, or alternatively perform a keyword search to locate the “joesshrimppalace.com” listing. No matter which party the websurfer was intending to find, once he arrives at the site located at that domain name he will see that two parties operate under that name. Furthermore, because of the disclaimers, the websurfer will see that only one party by that name can sell shrimp to him.

Alternatively, a less direct, but more complex method for linking the websites, as subsequently presented, might be appropriate if a court determines that directly linking the parties’ websites would be inappropriate because of, *inter alia*, gross inequality in the size, market share, or goodwill of the companies.

### *C. Informal Ties Between the Parties’ Websites: Titles, Recurring Text, and Metatags*

#### *1. The Inefficiency of Search Engines*

Unless one knows the specific IP address of the website one is attempting to locate, the Web is virtually useless without the finding tools known as search engines.<sup>184</sup> These tools enable a websurfer to search for a website using

---

<sup>183</sup> See *supra* Part II (discussing both the Tea Rose-Hanover common law doctrine and the Lanham Act’s prior user defense).

<sup>184</sup> See Ira S. Nathenson, *Internet Infoglut and Invisible Ink: Spamdexing Search Engines with Meta Tags*, 12 HARV. J.L. & TECH. 43, 45 (1998) (noting that “[t]he primary means of finding information on the Internet is via search engines”). Technically, there are two types of Web searching tools: search engines and directories. Both search engines and directories generate an index, or catalog, of websites based on the content of the sites. See Search Engine Watch, *How Search Engines Work*, at <http://searchenginewatch.internet.com/webmasters/work.html> (last visited Jan. 20, 2003) [hereinafter *Search Engines*]. Both respond to a Web surfer’s input keywords by searching their indices according to their proprietary algorithms, or sets of searching rules, and output a list of sites ranked according to their supposed relevance to the keywords input by the Web surfer. *Id.* As one can appreciate, how well a given search engine or directory targets and ranks sites that are truly relevant to a given Web surfer’s keywords depends on how the search engine or directory is structured—that is, what site

keywords, or words that are relevant to the content of the owner's site. Such engines generally function by returning a listing of websites it deems most relevant to the keyword(s) input by the websurfer. The listing is typically ranked in an order representing decreasing relevance to the particular keyword(s).<sup>185</sup>

Because well over one-hundred million websites exist,<sup>186</sup> even the best search engine will invariably return, in response to a websurfer's chosen keyword(s), a listing of sites comprised of mostly, if not completely, irrelevant sites.<sup>187</sup> This inefficiency, or rather ineffectiveness, is magnified by the fact that website owners have a great incentive to use any means necessary to appear prominently<sup>188</sup> on many keyword searches, including filling their sites with keywords that are in no way relevant to their site's subject matter.<sup>189</sup> Given this background, one can easily see why it is that a keyword search is a very targeted

---

content its index contains and how the proprietary algorithm analyzes and weighs the information contained in that index. Search engines and directories differ in how they develop their indices. *Id.*; see also Nathenson, *supra*, at 59–60. Search engines use programs to periodically search websites and update their indices based on the content of the sites. *Search Engines, supra*. Directories, on the other hand, employ humans to categorize the content of websites based on written descriptions submitted by site owners or based on simply viewing the website itself to determine its content. *Id.* The categorization data are then input into the directory's site index. In reality, most search engines contain directories and vice-versa. *Id.* The discussion in this section is generally applicable to both search engines and directories. This note will use the term "search engine" to denote both search engines and directories. Statements pertaining only to one type of searching tool will be brought to the reader's attention when appropriate.

<sup>185</sup> Search engine listings hypothetically rank websites on list in order of decreasing relevancy to the Web surfer's keyword(s). However, in reality this is rarely the case. See *supra* notes 182, 183.

<sup>186</sup> See Internet Software Consortium, *Internet Domain Survey*, at <http://www.isc.org/ds/WWW-200201/index.html> (last visited Jan. 20, 2003) (estimating the existence of 147 million websites as of January 2002).

<sup>187</sup> See Nathenson, *supra* note 184, at 44 (describing the inefficiency of search engines by noting that a keyword search for websites concerning the late Princess Diana may return a list of sites prominently featuring "get-rich schemes and pornography").

<sup>188</sup> "Prominently," in the context of keyword search lists, translates to a high ranking on the lists. See *id.* at 45 n.10 ("[A] high ranking can make all the difference. Consider that a search for the words 'tennis racket' on AltaVista yields more than 850 pages. The user is much more likely to glance through the first 20 sites listed than the last 20.") (quoting *Net Interest: Web-Search-2: It's Up to You to Stand Out*, DOW JONES NEWS SERV., Oct. 9, 1997).

<sup>189</sup> See Cendali, *supra* note 17, at 82–83 (describing how webmasters, or website managers, are "tempted to use any indexing term that presents a remote possibility that somebody will stumble across the page"). Using completely irrelevant keyword terms in one's website content to enhance the number of times one's site appears in keyword search lists is known as spamdexing or stuffing. *E.g.*, MCCARTHY, *supra* note 7, § 25:69; Nathenson, *supra* note 184, at 46–47. It appears now that search engine inefficiency might also be a function of search engine operators' interest in profits, in addition to the sheer number of sites and website owners' spamdexing. See *infra* note 201.

or narrow function. That is, a websurfer, in attempting to find a specific website, will assuredly receive very different results from successive searches using the same search engine merely by making subtle changes to the keywords he uses in his searches. Alternatively, two websites concerned with the same subject matter, and having relatively analogous content, can appear far apart from each other on a ranked listing of sites returned from a search engine in response to a websurfer's keyword(s).<sup>190</sup>

This inefficiency of search engines can lead to consumer confusion in a number of ways when concurrent users of similar marks advertise similar products via the Web. One way occurs when a websurfer searches for a first party's product using the mark in question and returns a list that prominently features a second party's website. The surfer may not know enough about the parties to discern the difference between them and may purchase from the second party mistakenly.<sup>191</sup> The probability for mistaken identity may be enhanced if the first party's site does not appear in the search engine's listing in proximity to the second party's site—the surfer may reasonably assume that only one party exists who uses that mark on those goods or services, if the first party's site is buried in a search engine listing.<sup>192</sup>

Another source of confusion related to search engines involves initial interest confusion. Assuming the scenario where a first party's site is buried in a list while a second party's site appears prominently, a surfer may become aware that the second party is not the first party that the surfer was originally searching for upon viewing the second party's site. Nevertheless, the surfer may subconsciously assume an affiliation between the parties and purchase from the second party, or

---

<sup>190</sup> For example, the author conducted a search on March 12, 2002 using the Excite search engine located at <http://www.excite.com> and the keyword "sharky." That engine returned a listing of at least 170 websites (the author tired of counting). The site ranked sixth was the website of a "Sharky's" SCUBA diving company located in Slovenia. In contrast, the site ranked #170 was a website of a "Sharky's" SCUBA diving company located in Dorset, UK. In between these two sites on the list were references to sites ranging from gambling casinos to PC hardware distributors to individuals' web pages. It should be noted that the first listed site was for a genealogy service! The bottom line is that a search using a fairly specific keyword can, and often does, return a varied array of sites listed as relevant. Moreover, websites advertising fairly analogous subject matter may be very far apart from each other in a listing, with highly divergent subject matter listed on websites listed in between the analogous sites. This can lead to confusion: for instance, if a Web surfer knew that he wanted to book a SCUBA diving excursion in Europe through a company called "Sharky's"—say, upon information from an acquaintance that the acquaintance had a positive experience from "Sharky's" diving company while backpacking through Europe—he could easily assume that the Slovenian company previously noted was the company being referred to by the acquaintance, based in part on this ranked listing of websites, when in fact the acquaintance was referring to the U.K. company.

<sup>191</sup> See *Brookfield Communications, Inc. v. W. Coast Entm't Corp.*, 174 F.3d 1036, 1057 (9th Cir. 1999) ("Web surfers are more likely to be confused as to the ownership of a web site than traditional patrons of a brick-and-mortar store would be of a store's ownership.").

<sup>192</sup> See *supra* note 190 and accompanying text.

simply give up searching for the first party in the face of a large list of irrelevant sites and purchase from the second party.<sup>193</sup>

One way to overcome the consumer confusion that is caused or enhanced by search engine inefficiency would be to force each concurrent users' website to appear in close proximity to the other's upon any given keyword search. A websurfer, then, would not face the daunting prospect of searching through hundreds of website references on a given search engine listing. In this way, when the websurfer locates one concurrent user's website after performing a keyword search, the websurfer would only need to investigate a few websites in order to find the other concurrent user's website, thereby reducing the possibility for confusion.

## 2. *Manipulating Search Engines*

Arguably, the main objective of every website operator is to get his site listed prominently on as many different keyword search lists on as many different search engines as possible.<sup>194</sup> Therefore, many intelligent website operators continuously attempt to dupe search engines into listing their websites in response to a broad range of keywords.<sup>195</sup> Search engine operators, in response, continuously attempt to prevent such manipulation to preserve the integrity, and

---

<sup>193</sup> It should be noted that search engine operators are now engaged in the practice of accepting money in return for favorably ranking a party's website in response to certain keyword searches. See *Nissan Motor Co. v. Nissan Computer Corp.*, 89 F. Supp. 2d 1154, 1159 (C.D. Cal. 2000) (noting the practice). The Ninth Circuit, in response to this development, appears to have declared that search engine inefficiency considerations are no longer judicially recognized as a potential harm in a initial interest confusion analysis. *Interstellar Starship Servs., Ltd. v. Epix, Inc.*, 304 F.3d 936, 945 n.10 (9th Cir. 2002). While it is true that, inasmuch as consumers may no longer rely on search engines as useful finding tools, search engine inefficiency may no longer speak to the question of consumer confusion, the author believes that this development speaks to an even greater need for judicial regulation of domain names. If anything, consumers have partially lost the only type of finding tool available on the Web, and as such may more easily give up searching (or guessing) for a party's domain name. A broader initial interest confusion standard would help alleviate this harm.

<sup>194</sup> See e.g., Search Engine Watch, *Intro to Search Engine Optimization*, at <http://searchenginewatch.internet.com/webmasters/intro.html> [hereinafter *Search Engine Intro*] (last visited Jan. 20, 2003) ("Everyone wants those good listings. . . . It's . . . important to prepare a web site through 'search engine optimization,' . . . [or the process of] ensuring that your web pages are accessible to search engines and focused in ways that help improve the chances they will be found."); *supra* notes 188–89 and accompanying text.

<sup>195</sup> See *supra* note 189. See generally Rachel Jane Posner, *Manipulative Metatagging, Search Engine Baiting, and Initial Interest Confusion*, 33 COLUM. J.L. & SOC. PROBS. 439 (2000) (describing website owners' use of metatags); Stanley U. Paylago, *Search Engine Manipulation: Creative Use of Metatags or Trademark Infringement?*, 40 IDEA 451 (2000) (same).

hence usefulness, of their search engines.<sup>196</sup> The prospect, then, of a court attempting to informally link two or more concurrent users' websites as they appear in search engine lists, absent issuing an injunction on particular search engine operators, might appear unlikely. However, the task of informally linking two or more websites vis-à-vis their search engine characteristics, described below, is different—and easier—than the task of manipulating search engines to force a particular site to appear prominently in many keyword searches. That is, the main interest in avoiding confusion relates to linking the sites in a listing wherever they appear on the listing—whether they are at the top or at the bottom would be irrelevant to the court.<sup>197</sup>

Search engine operators utilize several different types of website content to construct their indices.<sup>198</sup> Three important types of website content contained in

---

<sup>196</sup> See, e.g., Nathenson, *supra* note 184, at 65; Yahoo!, *Terms of Service*, at <http://docs.yahoo.com/info/terms/> (last visited Jan. 24, 2003) (specifying that any subscribing website operator must agree not to post or otherwise make available any content that the operator "[does] not have a right to make available under any law. . . . [or that] infringes any . . . trademark, . . . copyright or other proprietary rights . . . of any party). One organization, Search Engine Watch, describes some common techniques of search engines on its website:

Search engines may also penalize pages or exclude them from the index, if they detect search engine 'spamming.' An example is when a word is repeated hundreds of times on a page, to increase the frequency and propel the page higher in the listings. Search engines watch for common spamming methods in a variety of ways, including following up on complaints from their users.

Search Engine Watch, *How Search Engines Rank Web Pages*, at <http://searchenginewatch.internet.com/webmasters/rank.html> [hereinafter *Search Engine Ranking*] (last visited Jan. 24, 2003).

<sup>197</sup> Of course, the court should take note if one of the parties to be linked has greater motivation to appear prominently on many listings, and thus would likely continuously change his site in order to optimize its relevancy to many keyword searches. See *infra* notes 192, 196 (discussing website optimization). That is, the problem would reduce to one party being relatively dynamic in changing his site's content, while the other party would be relatively static. Such a situation would speak more toward the feasibility of the parties cooperating to keep their sites linked—a situation that the courts could address in tailoring their orders. For instance, if one party's changing content causes the sites to become unlinked, that party would be contravening the order, unless the court imposed a duty on the static party to use good-faith efforts to update his site with reasonable changes made by the other. Such updates are relatively easy to accomplish, and the dynamic party could direct the static party to make some reasonable changes that would need to be made on the static party's site in order to keep the sites linked. Of course, communication between the parties may not even be necessary. For instance, this author looked at the HTML code for ICANN's home page simply by choosing the "Source" view on his Web browser to find that ICANN's content metatag looked like: <META content="text/html; charset=windows-1252" http-equiv=Content-Type>. See ICANN, Home Page, at <http://www.icann.org/> (last visited Jan. 24, 2003).

<sup>198</sup> See *supra* note 184 (discussing search engine indices).

search engine indices are website title,<sup>199</sup> recurring text,<sup>200</sup> and, metatags.<sup>201</sup> These types of content are important in that they are highly determinative of whether a given website will be prominently listed in response to a given keyword search.<sup>202</sup> That is, when a websurfer inputs a keyword or keywords, the

---

<sup>199</sup> Title refers to the HTML title tag used in designing a website. Basically, the title tag is invisible code that a browser program places at the top of the browser bar. That is, it is the text one sees at the top of his browser frame upon accessing a website. *See, e.g.*, Microsoft bCentral, *Optimizing Your Title Tag*, at <http://www.submit-it.com/subopt.htm?tipq=3> (last visited Mar. 21, 2003).

<sup>200</sup> Text merely refers to the visible text on a website. Recurring text refers to terms that appear frequently on a website. It should be noted that many search engines also weigh text more heavily that appears high, or first, on a website as being a better predictor of the subject matter of a website than text that appears at the bottom of a website. The term "recurring text," as used herein, will imply text that occurs relatively frequently and high on a website.

<sup>201</sup> Metatags are terms contained on a website that hypothetically describe or in some way relate to the subject matter of the website and that are invisible to the Web surfer. *See, e.g.*, MCCARTHY, *supra* note 7, § 25:69 n.3. Search engines utilize metatags as index references to varying degrees. *Id.* Search engine operators in general currently place a lesser indexing value on metatags than they formerly had due to the practice known as spamdexing. Spamdexing relates to the practice whereby website operators place metatags on their website that are frequently used as keywords—such as famous trademarks—but that are completely irrelevant to their site's subject matter in order to trick search engines into ranking their site prominently in keyword search listings involving the metatagged term. *See, e.g.*, Nathenson, *supra* note 184, at 62–65.

<sup>202</sup> "Important" in this context refers to the types of content contained on a website, such as the website title, that search engine operators assume is predictive of that website's subject matter. As such, search engine operators skew their search algorithms to place great weight on this type of content in relation to keyword searches. *See, e.g.*, *Search Engine Ranking*, *supra* note 196 (describing how to increase the probability that a website will appear prominently in keyword search lists and noting that the title, textual material that appears high on a website, and metatags contained on a website primarily determine whether that website will be listed by a search engine in response to a Web surfer's keyword searches); Microsoft bCentral, *Search Engine Optimization Tips*, at <http://www.submit-it.com/subopt.htm> (last visited Jan. 24, 2003) (noting the same).

Search engines and directories place great emphasis on the title tag in ranking a website in relation to a particular keyword input by a Web surfer. *See* Microsoft bCentral, *Optimizing Your Title Tag*, at <http://www.submit-it.com/subopt.htm?tipq=3> (last visited Jan. 24, 2003) ("Without question the title tag of your page is the single most important factor to consider when optimizing your web page for the search engines . . . because most engines & [sic] directories place a high level of importance on keywords that are found in your title tag."); *Search Engine Ranking*, *supra* note 196 ("[S]earch terms appearing in the HTML title tag are often assumed to be more relevant than others to the topic.").

The actual text appearing on a website is very important in determining a website's listing by a search engine. *See* Microsoft bCentral, *Optimizing Your Page Copy*, at <http://www.submit-it.com/subopt.htm?tipq=4> (last visited Jan. 24, 2003) ("[Website text] is very close to being as important as your title tag.") Search engines will note the frequency that a word is used in a website's text and assume that term is relevant in describing the website's content. *See Search Engine Ranking*, *supra* note 196 ("A search engine will analyze how often keywords appear in

search engine utilizes these types of content, contained in any given website, to determine whether a particular website is relevant to the input keyword or keywords.

Therefore, knowing that search engines function narrowly, or in a highly focused manner, and knowing the three types of content most utilized by search engines in ranking websites in response to a keyword search, a court should be able to link websites in relation to search engine listings by ordering the parties to include the same keywords in these three types of content on their websites. That is, the court can order the parties to use the same title, recurring terms, or metatags on their websites, or all three. In this way, any given keyword search is likely to rank the websites similarly due to the fact that the websites utilize the same terms in the most important places.<sup>203</sup>

### *3. Informally Linking Parties' Websites Would be Appropriate in Certain Factual Situations*

As indicated by the appellation given to this remedial tool, informally linking could just be viewed as an inefficient, and more complicated, means for linking the concurrent users' websites. However, such added complication would be warranted in situations where one party's direct link placed on the other party's website would unduly present the risk of an affiliation between the parties in the minds of consumers. In other words, one party might unduly profit from the other's goodwill by the placement of that party's link directly on the other's website. One situation would occur when one concurrent user's operations are significantly larger than the others'.<sup>204</sup>

---

relation to other words in a web page."'). Therefore, a Web surfer using that keyword in his search will be more likely to receive that website returned in a listing by the search engine. The positioning of a term is also important. *Id.* ("Search engines . . . check to see if the search keywords appear near the top of a web page, such as . . . in the first few paragraphs of text. They assume that any page relevant to the topic will mention those words right from the beginning."').

Metatags, unless they evidence spamdexing, can be an important criterion used by search engines in determining a website's relevance with respect to a keyword or keywords. *See, e.g., Search Engine Watch, How to Use HTML Meta Tags, at* <http://searchenginewatch.internet.com/webmasters/meta.html> (last visited Jan. 24, 2003); *Search Engine Ranking, supra* note 196 (describing that metatags are important to a website's ranking, but that many search engine algorithms are enabled to detect use of metatags for spamdexing purposes).

<sup>203</sup> A court could tailor an order to require the parties' sites to be listed within a certain proximity to each other on, say, the top five search engines when certain keywords are searched. This would give the parties latitude to agree on how to go about informally linking their sites in order to accommodate the order.

<sup>204</sup> It should be noted that a forced sale of the local junior party's rights in the mark might be the most appropriate remedy. At least one commentator has advocated moving exclusively

For instance, although not a domain name case, the equities involved in *Thrifty-Rent-A-Car System, Inc. v. Thrift Cars, Inc.*<sup>205</sup> would have supported informally linking the parties' sites, had the issue arisen. That case involved a good-faith junior user limited to a market area consisting of one Massachusetts town, while the senior user was the famous national car rental chain.<sup>206</sup> It would arguably be improper to order the national Thrifty chain to include a link on its website to the local Thrift party, since Thrifty was a senior user/federal registrant who diligently expanded its market area to encompass the entire country save one Massachusetts town. However, completely barring the good-faith junior user from using the Internet also seems improper.<sup>207</sup>

On these facts, where an almost-national senior party must accommodate a local concurrent user, courts have permitted a higher level of consumer confusion to exist by allowing the senior party to advertise nationally, including in the local party's area.<sup>208</sup> Therefore, allowing both parties to advertise via the Internet

---

to a system that eliminates geographic concurrent uses of a mark by forcing one of the parties to sell their rights in the mark to the other. See Welkowitz, *supra* note 9, at 363. In some cases, where both parties have good claims to the name, but one is clearly better positioned to go national or to take advantage of the mark most efficiently, ordering that party to compensate the other is preferable to either permitting a confusing concurrent use of the mark on the Internet or simply taking the good-faith junior user's interest away by enjoining him from using the mark on the Internet altogether. The author's view is that by ordering the parties to comply with the somewhat cumbersome task of informally linking their sites, a court would be encouraging the parties to come to some agreement whereby the local user is compensated for transferring the name to the almost-national user. Indeed, the main benefit of these remedies in general may be that they serve to encourage parties to negotiate.

<sup>205</sup> 639 F. Supp. 750 (D. Mass. 1986), *aff'd*, 831 F.2d 1177 (1st Cir. 1987).

<sup>206</sup> In *Thrifty*, the senior user began operating the famous car rental chain in Oklahoma in 1958. *Id.* at 751. The business began a campaign of national expansion in 1962 and was granted a federal registration in 1964. *Id.* at 752. The junior user, Thrift, also operated a car rental business. *Id.* The junior user's market consisted of East Taunton, MA prior to the senior user's registration, and added the Nantucket Airport subsequent to the senior user's registration. *Id.* at 751-52. As the junior user's first use was in good-faith in a remote market and prior to the federal registration, he qualified for the prior user defense. *Id.* at 755. See *supra* notes 107-16 and accompanying text. The court enjoined the junior user from using the name Thrift outside the East Taunton area, however. *thrifty*, 639 F. Supp. at 757.

<sup>207</sup> For instance, prior to Thrifty's 1964 federal registration, the junior user, Thrift, had advertised in the local yellow pages and a few newspapers that circulated outside the East Taunton area. *Id.* at 751. The court permitted Thrift to continue these advertisements and make rentals to customers throughout the state in response to these particular advertisements. *Id.* at 756-57. ("While the [c]ourt may, as part of its remedy, limit a party's right to advertise, the [c]ourt should and does consider the nature of a defendant's product and marketing scheme in fashioning a remedy which properly balances competing interests.") (citations omitted). The court enjoined Thrifty from operating an establishment in East Taunton and advertising in any media principally targeting that area. *Id.* at 757.

<sup>208</sup> *Id.* (noting that "the Lanham Act does not mandate total elimination of customer confusion"); *Tree Tavern Prods., Inc. v. ConAgra, Inc.*, 640 F. Supp. 1263, 1273 (D. Del. 1986)



without directly linking the websites should similarly be appropriate. Indirect linking would at least serve to eliminate the possibly confusing situation in which a websurfer is presented with a search listing prominently featuring only the local party's website, when the websurfer intended to search for the national party's website, or vice-versa.

#### D. Geographic-Specific TLDs

Currently there are thirteen generic top-level domains.<sup>209</sup> Commentators have proposed and debated the effectiveness that the addition of more generic top-level domains will have on concurrent use situations. On the one hand, the creation of new TLDs, such as ".museum," ".biz," and the like will permit multiple parties to register the same second-level domains.<sup>210</sup> On the other hand, it may be years, if ever, until the other TLDs have the consumer recognition of the ".com" top-level domain—they just are not as valuable a commodity.<sup>211</sup> As such, it is likely that few people would prefer to do business on the Internet using these TLDs rather than having some rights in the ".com" domain name.

The practical usefulness of adding new, geographically descriptive TLDs lies not in the fact that they may someday become as valuable a commodity as the ".com" TLD, and hence that parties would willingly choose to place their mark's

---

(granting preliminary injunction of a national chain's use of its mark on frozen food products from Massachusetts to Virginia, but nonetheless allowing the national chain to market its products nationally despite the advertising overlap).

<sup>209</sup> See Albert, *supra* note 131, at 280 (noting that as of 1987 there were six generic TLDs: ".com," ".gov," ".edu," ".org," ".net," and ".mil"). Seven new generic TLDs were recently added: ".aero," ".biz," ".coop," ".info," ".museum," ".name," and ".pro." See ICANN, *Top-Level Domains*, at <http://www.icann.org/tlds/> (last visited Jan. 24, 2003) (noting that these are the first new additions since 1988).

<sup>210</sup> E.g., Nash, *supra* note 11; G. Andrew Barger, *Cybermarks: A Proposed Hierarchical Modeling System of Registration and Internet Architecture for Domain Names*, 29 J. MARSHALL L. REV. 623, 647–49 (1996). Barger proposes a structural change to the TLD system as well as adding new TLDs. *Id.* Barger's structure would include sub-TLDs to indicate geographic location of the business or individual. *Id.* at 649. For example, a domain name under Barger's system would look like this: "[trademark].(geographicTLD).(genericTLD)," or "bmw.us.com." While this proposal would be ideal in many ways to deal with geographic concurrent users, its scope renders it a task that would take many years, once it is even initiated, to complete. See *supra* note 209 (indicating that the addition of seven TLDs took fourteen years to accomplish). Besides physically implementing the new TLDs, existing domain name registrations would need to be rearranged—that is, existing domain names would need to be reassigned to include an appropriate geographic sub-TLD, a task that would surely take at least as long as the mere implementation of new TLDs. See Barger, *supra*, at 647–49 (indicating that the existing base of domain names would need to be reassigned). This type of remedy is workable, however, if the scope of the objective is narrowed from one of comprehensive global reorganization to one of remedial measure, as discussed in the text.

<sup>211</sup> Albert, *supra* note 131, at 311.

goodwill in one or more of the new TLDs, but rather in the fact that courts could order parties, if they desire to use the mark on the Internet at all, to use an appropriately descriptive geographic TLD.

For instance, if just four new TLDs were implemented by ICANN—“.west,” “.east,” “.north,” and “.south,” one could imagine that courts could order concurrent users with colorable claims to the use of a mark on the Internet to register their mark with one of these four geographic TLDs, depending on the parties' relative geographic locations. For instance, if the senior user of a mark, "JOE'S CRAB HOUSE," were located in Seattle and took several years to expand throughout Washington and into Oregon, while a junior party using the same mark expanded into forty states east of the senior user and onto the Internet, a court could possibly enjoin both parties from using the “.com” TLD with respect to any variation of "JOES CRAB HOUSE" and order the junior party, if it chooses to do business on the Internet under that name, to use the “.east” TLD, while the senior party must use “.west.”

As previously noted,<sup>212</sup> the real utility in this type of remedy would be twofold: First, it would serve to reduce consumer confusion, as neither party would be listed at the “[trademark.com]” domain name, combined with the fact that both would likely appear in keyword search listings using the trademark; and second, it would provide bargaining leverage for the party bringing suit, encouraging the parties to negotiate. A disclaimer posted on both websites could explain in which states either party was entitled to conduct business under the name. This remedy could be coupled with an order to post links to either site on the “.com” site to divert any consumers interested in finding “joescrabhouse.com” to the correct party. In this way, consumers would be able to find the appropriate party in any event with little or no confusion, and both parties would get to utilize the mark's goodwill on the Internet.

## V. CONCLUSION

Courts must resolve the problem caused by the unlimited territorial reach of websites when those websites contain trade or service marks in which others have rights. Currently, as between parties with colorable claims in a mark for using it in relation to related goods, courts are choosing to permit the parties to concurrently use the mark on the Internet to the detriment of the public, who must suffer a confusing use of a mark in addition to the already confusing array of information contained in cyberspace. Arguably, the concurrent users are both harmed by the unlimited use as well, since both must suffer using the mark in competition with another on the Internet when both parties might otherwise have their own exclusive market area to use the mark outside of the Internet setting.

---

<sup>212</sup> See *supra* note 204.

This does not need to be the case, however. In looking to the fundamental principles of trademark law and the notion of delimiting concurrent users' market areas with respect to a mark, courts can take steps to eliminate consumer confusion, the touchstone of trademark infringement, that ensues from the concurrent use of a mark on the Internet. In lieu of restricting the geographic area where the parties use the mark on the Internet, which is impossible, courts can take proactive steps to order the parties to provide information to the public regarding where the parties can or cannot sell goods or services that are branded by the mark in question. Such methods include ordering the parties to use disclaimers in conjunction with hyperlinks on their websites that point to the other user's site. More informal linking may be accomplished by configuring the parties' sites to appear in proximity to each other on search engine listings. Courts may also order concurrent users to place links to their sites on a common web page operating under the coveted domain name "[trademark].com" or any other appropriate domain name. Lastly, should ICANN decide in the future to include geographically descriptive top level domains in the DNS, courts could begin to order parties to operate their sites under domain names that end in these geographically descriptive TLDs.

Courts undoubtedly have the power to order parties to operate under certain domain names or place links or disclaimers on their websites if those parties choose to use the disputed mark on the Internet.<sup>213</sup> By granting multiple parties certain rights to domain names that incorporate a given trademark—for example, rights to place links on a site operated under the disputed domain name—courts will promote negotiations between parties, thereby leading to fewer concurrent uses by agreement.

More importantly, the remedies proposed herein are practical in that they are easy for courts to implement. At the very least, they provide options to courts faced with good-faith junior users and the Internet: options other than simply enjoining the junior user from using the mark on the Internet or not enjoining him. Hopefully, should courts decide to use these remedies, a body of case law will develop that will inform concurrent users of their rights on the Internet and will inform any legislative action on the subject.

---

<sup>213</sup> Cf. MCCARTHY, *supra* note 7, § 30:5 (citations omitted):

There is no doubt that in cases of unfair competition and trademark infringement, a court has the power to require defendant to take affirmative steps to distinguish its products so as to indicate their real source to the public [or] even require that defendant . . . advertise affirmatively in a newspaper a disclaimer of any connection with plaintiff.

